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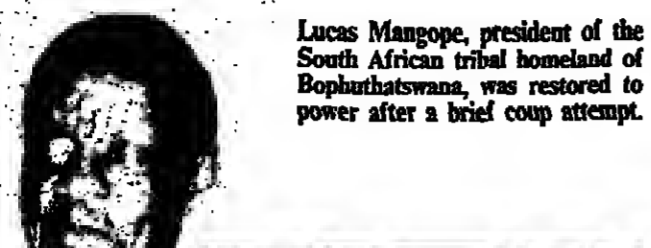
Table with exchange rates for various currencies including Algerian, Australian, Belgian, Canadian, Cypriot, Danish, Dutch, French, German, Greek, Hong Kong, Indian, Italian, Japanese, Korean, Luxembourg, Malaysian, New Zealand, Norwegian, Singapore, South African, Spanish, Swiss, Taiwan, Thai, West German, and Yugoslav.

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Tribal Coup Crushed

South Africans Send Troops Into Bophuthatswana

By William Claiborne. CAPE TOWN — South African Army troops moved into the ostensibly independent tribal homeland of Bophuthatswana on Wednesday and crushed a military coup that 12 hours earlier had overthrown the homeland's president.



Lucas Mangope, president of the South African tribal homeland of Bophuthatswana, was restored to power after a brief coup attempt.

Spirit of Change Ebbs in South Africa

By William Claiborne. CAPE TOWN — Late last year, when the spirit of political change seemed to be taking hold in the South African government and expectations of change were high, Stoffel van der Merwe, the deputy minister of information and constitutional planning, was asked by an acquaintance to describe his job.

Mr. Van der Merwe, generally regarded as the cabinet's point man on the thorny issue of sharing power with the black majority, replied that he basically saw his role as that of a scout. Then, after a moment of reflection, Mr. van der Merwe told his questioner, the former Progressive Federal Party leader, Frederick van Zyl Slabbert, "You know, sometimes scouts go out and don't come back."

Shamir Resisting U.S. Plan

But Peres Backs Idea of Reviving The Peace Process

By Glenn Frankel. JERUSALEM — Prime Minister Yitzhak Shamir has privately expressed what officials described as "deep reservations" about a U.S. proposal to reactivate the Middle East peace process, while his chief political rival, Foreign Minister Shimon Peres, gave the plan his public support on Wednesday.

U.K. Plan Saddens Hong Kong Leaders

By Patrick Smith. With the publication Wednesday of a key document, Britain has failed to move significantly toward the democratic system that Hong Kong was assured in an agreement London reached with Beijing four years ago, diplomats and local analysts said.

representatives are chosen for the local legislature. Direct Legislative Council elections — the central political issue in the territory over the past several years — have been deferred until 1991, by which time China will have produced its own constitution for Hong Kong.



A WELCOME IN VIENNA — President Kurt Waldheim of Austria, left, welcomed King Hussein of Jordan on his arrival at Schwechat airport on Wednesday with a troop review two days after Mr. Waldheim pledged to remain in office. Page 2.

Both leaders were reacting to a proposal presented to each of them in separate sessions by the U.S. assistant secretary of state, Richard W. Murphy. The proposal, which officials described as a "series of ideas" rather than a definitive plan, calls for opening talks on limited self-rule for the Palestinians of the occupied West Bank and Gaza.

The widely different reactions of the two leaders — they could not even agree to receive Mr. Murphy together — mirror the deep divisions within Israel's coalition government as it struggles to overcome a two-month-old wave of Palestinian unrest that has claimed at least 52 Arab lives.

Mr. Murphy's proposals, as outlined Wednesday by an Israeli official, is similar to the Palestinian autonomy plan first contained in the 1978 Camp David accords. But the new proposals call for an accelerated process and for some kind of international session leading to direct Arab-Israeli talks on Palestinian self-rule and a peace treaty between Jordan and Israel.

The original Camp David accords, which Mr. Shamir says he supports, called for local elections followed by the withdrawal of Israeli forces from major population centers to "specified security locations." Then would come a transitional period of limited autonomy "not exceeding five years," and the initiation of negotiations between Israel, Jordan and local Palestinians on the final political status of the territories "not later than the third year."

Mr. Murphy's proposals would shorten the transitional period to three years and start the final negotiations no later than this December, Israeli officials said.

Mr. Peres told Mr. Murphy he had "no substantial reservations" about the plan, an official said. But Mr. Shamir was less optimistic, officials said. Although he refused to reject the U.S. ideas outright for fear of appearing intransigent, he reportedly told members of his Likud bloc that "great difficulties" would result if the Camp David process were accelerated.

Mr. Shamir has also not softened his opposition to an international conference to open the direct talks, contending such a session would give the enemies of Israel a chance to gang up on it.

80 Bangladeshis Killed in Clashes On Voting Day

DHAKA, Bangladesh — Supporters of rival candidates battled one another on Wednesday outside polling places with rocks, guns and homemade bombs on Wednesday, killing 80 people and wounding hundreds across the nation.

The death toll was based on reports from the police, hospitals and journalists in outlying villages. They also said the injury toll could exceed 2,000. More than 200 people were arrested, the police said. Voting was suspended at dozens of polling places because of the violence, reports from around the nation said. The Home Ministry, which is responsible for internal security, confirmed only 39 of the 80 reported deaths.

Document's Major Points

HONG KONG — Here are the major points of the British policy document outlining a timetable for political reform in Hong Kong: Rules out any major political changes before 1991, after China has promulgated its constitution, or Basic Law, for Hong Kong. Recognizes the need for directly elected members of the territory's Legislative Council but says no elections would be introduced until 1991 and would apply to less than one-fifth of the council. Changes would be evolutionary, not revolutionary, leading up to the reversion of Hong Kong to Chinese sovereignty in 1997. In 1991, 10 of the 56 Legislative Council members would be directly elected from new constituencies scattered throughout Hong Kong island, Kowloon and the New Territories.

It's Simon vs. Gephardt — for 2d Place

By David S. Broder. MANCHESTER, New Hampshire — The Democratic battle of New Hampshire has begun as a fight to the finish — for second place. Representative Richard A. Gephardt of Missouri and Senator Paul Simon of Illinois, the top two Democratic finishers in the Iowa caucus this week, are intent mainly on beating each other for runner-up honors to Governor Michael S. Dukakis of Massachusetts, who is favored in the primary on Tuesday. Hobbled as both are by a cash crunch, the loser of the Simon-Gephardt match could well be forced to the sidelines before the March 8 "Super Tuesday" contests mainly in the South, much as Iowa apparently crippled the hopes of Gary Hart and Bruce Babbitt.

Bush's Iowa Drubbing Leaves Race Wide Open

By David Hoffman. NASHUA, New Hampshire — The results of the Iowa caucuses appear to have thrown the Republican contest into an unpredictable high-stakes battle between the newly triumphant Senate minority leader, Bob Dole of Kansas, and the wounded vice president, George Bush. Mr. Bush's large lead in the polls already may have begun eroding before the bad news from Iowa. The strength of both Representative Jack F. Kemp, Republican of New York, whose intensive effort in New Hampshire was beginning to pay off over the past 10 days, and Pat Robertson, the former television evangelist, could further complicate the outcome. Most party activists maintain that Mr. Robertson is not the force in New Hampshire that he was in Iowa because the state does not have a fundamentalist Christian tradition, as Iowa does, and because Mr. Robertson is viewed negatively by a majority of voters polled. Stunned by his third-place finish in the Iowa caucuses, Mr. Bush has Pat Robertson, thrust into the spotlight by Iowa, is bracing for the heat. Page 3.



Bob Dole, fresh from his victory over George Bush in Iowa, greeting students at a high school in Coontook, New Hampshire.

Chinese Feasting Habits Give Beijing Newspaper Indigestion

By Edward A. Gargan. BEIJING — What many people here consider the fertile core of the Central Kingdom, the sanctum of Chinese civilization, is suddenly endangered. In an editorial of ponderous length, China's only English-language daily called Tuesday for shoving the official banquet, that institution where soul and palate mingle, where business is discussed, and where deals are fixed. "In a manner of speaking," China Daily intoned, "cuisine has been an important aspect of China's culture, in folklore as well as the secret chronicles of the imperial courts. But just as every old culture has its seamy side, the bureaucracy that developed out of an eating culture can be extremely greedy and ostentatious." The editorial, while not the first public criticism of official gustatory overindulgence, is the firmest expression to date of the government's growing disapproval of the banquet fever gripping the country. Local officials are feted by regional officials and foreign businessmen by Chinese hosts eager for investment. Yet to criticize the appetite for dining seems tantamount to questioning the essence of a culture. Even 3,000 years ago, during the Zhou civilization, thousands of individual dishes were known, some elaborate preparations limited to four dishes and one soup for each guest. No one seemed to listen. Banqueting continued unabated everywhere. It has been this continuing and growing extravagance that has prompted the recent wave of stern criticism. Last month, Chang Jie, the deputy secretary general of the State Council, the equivalent of the cabinet, urged greater austerity in dining. "Some officials just do it their own way by wasting state funds and serving a lavish standard in accommodating guests, to the great discontent of ordinary people," he said. "A few officials in central government have set a bad example." The editorial lashed out not only at

Kiosk. Gorio Offers Resignation. ROME (Reuters) — Prime Minister Giovanni Gorio, a Christian Democrat, resigned Wednesday after repeated defeats in Parliament. Mr. Gorio, who has led a five-party coalition since July 29, presented his resignation to President Francesco Cossiga, officials at the presidential palace announced. They said Mr. Cossiga had "reserved his decision" on whether to accept the resignation and had asked Mr. Gorio to remain to handle outstanding government business.

General News. Soviet nationalities are testing the winds of change. Page 6. The United States is ready to press the UN Security Council for sanctions on Iran. Page 6. Southeast Asian nations are cracking down on Christian churches suspected of backing Communist rebels. Page 5. Business/Finance. The main rivals for control of Societe Generale de Belgique are seeking alliances. Page 11. Special Report. Brazil and Mexico lead the search for solutions to the Latin debt crisis. Pages 7-10.

RESTAURANTS, NIGHT CLUBS, BUSINESSES, SHIPSIDES, AUTO RENTALS, and other local advertisements.

Market data: Dow Jones 47.58, The Dollar in New York DM 1.8935, Pound 1.758, Yen 129.05, FF 6.72.



WORLD BRIEFS

Hostage Fails to Identify Hamadeh

DUSSELDORF, West Germany (Reuters) — A former West German hostage held in Beirut told a Düsseldorf court on Wednesday that he did not recognize the man charged with his kidnapping, Abbas Ali Hamadeh.

Bury Reactors, Sakharov Suggests

MOSCOW (Reuters) — Andrei D. Sakharov, the Soviet nuclear physicist, said Wednesday that nuclear reactors should be buried underground to prevent radioactive fallout escaping into the atmosphere.

Court in U.S. Rejects Army's Ban

SAN FRANCISCO (AP) — The U.S. Army's ban on homosexuals was ruled unconstitutional Wednesday by a federal appeals court, which said that concerns cited by the military about morale and discipline "illegitimately cater to private biases."

The ruling, which affects all branches of the military because the regulation, was issued by the Defense Department. It comes less than two years after a Supreme Court decision upholding a Georgia anti-sodomy law that allowed criminal prosecution for private homosexual acts.

2 Opposition Parties Meet in Seoul

SEOUL (AP) — Senior representatives of the two main opposition parties to South Korea met officially for the first time Wednesday in an attempt to remitte before legislative elections expected next month.

Nicaraguan Police Break Up Protest

MASAYA, Nicaragua (AP) — In the second anti-government protest here in two days, demonstrators built barricades of burning tires and then policemen with clubs broke up the crowd, roughed up journalists and seized news film.

For the Record

A Polish military court sentenced a member of a banned peace group, Krzysztof Golicki, 23, on Wednesday to three years in prison for draft resistance, a spokesman for the group said.

TRAVEL UPDATE

Lisbon Transport Returns to Normal

LISBON (Reuters) — Lisbon's buses and streetcars ran normally Wednesday for the first time in two weeks but other transport disruption looked likely to continue as subway, airline and railroad workers prepared to strike for raises and better working conditions.

COUP: South Africa Acts

(Continued from Page 1) successful ouster in Transkei of Prime Minister Stella Sigau. Foreign Minister Botha said before leaving for Mbabath that South African troops were justified in intervening because of Pretoria's relationship with Bophuthatswana.

BUSH: Vice President Shifts Strategy as Upset in Iowa Leaves Contest Wide Open

(Continued from Page 1) Mr. Dole cited his support for Mr. Reagan's foreign-policy initiatives. Mr. Dole distributed a letter from Mr. Reagan dated Feb. 5 thanking him for his leadership in fighting for aid for the Nicaraguan rebels.

Turin Bedeviled by Plans for Demonic Conference

By Barry James International Herald Tribune

Is Turin going to the devil? The question is being hotly debated in the Piedmontese capital because of plans to hold a month-long cultural event in October about the demonic and its influence on art, literature and philosophy.

The organizers of this Faustian festivity say their aims are purely scientific and intellectual.

Illustration from a 15th-century work on sorcery.



But their proposal has touched off an angry reaction by predominantly Roman Catholic opponents, who fear it could set loose hellish forces in a city that has a reputation for dabbling in the occult.

Two years ago, Turin's archbishop, Cardinal Alessandro Balthasar, appointed six official exorcists, supported by psychiatrists and psychologists, to deal with a wave of what were described as possessions and other paranormal phenomena.

One of the exorcists recently wrote anonymously in the archdiocesan newspaper, The Voice of the People, complaining that he is kept busy enough as it is with a stream of young people seeking relief from demonic vexations, and predicted the devil event would make things worse.

He said there was "something diabolical in all this infernal chaos" surrounding the event.

Canon Giuseppe Rosta, the penitentiary responsible for carrying out exorcisms at Turin cathedral, said the event will "unleash curiosity for the sensational and the false, and obscure the truth of the Gospel." Another

critic said it would be distasteful for those who believe in the devil, and useless for those who do not.

Catholic groups have organized petitions to prevent the event. Opponents have sent sacks of letters to the city hall, urging "let's populate Turin with serene dreams, not nightmares." A national Committee for the Defense of Human Values turned its attention from attacking drugs and pornography in criticizing the Socialist-led Turin city council for subsidizing the event to the tune of 120 million lire (\$36,500).

Mariano Marzano, the official in charge of culture, defended the city's decision, however, saying the event would provoke rational discussion and demolish superstitions and prejudices.

The devil is otherwise having difficulty in getting his due. The provincial government said it would not join in subsidizing the event "because of the excessive and distorted emphasis in the local and national press."

Two major banks likewise refused support. The Catholic archdiocese "is not involved, nor does it intend to be." Fiat, the largest employer in the city, is still unde-

ecided whether to give financial backing.

The proponents of the plan say they are not dismayed. "The argument is not whether or not we will go ahead," said Maria Teresa Gatti, a conference organizer who initiated the idea, in a telephone interview. "We will. If we have enough lire to do everything, we will do everything. If we have less money, we will do less. But we will do it."

The event is being organized by four professors at Turin University and a Jesuit priest, who say their aims are purely academic. They intend to present historical lectures, theological and philosophical debates, literary readings, movies, concerts and exhibitions. "It is something absolutely serious," said Mrs. Gatti. "It has nothing to do with magic. It will be a cultural debate about an argument that has always existed and probably always will."

The title for the event is "Diabolos, Dialogos, Daimon," which roughly translates as devil, dialogue and the demonic creative impulse.

In drawing up their plan, the organizers apparently failed to take into account Turin's unex-

REFORMS: End of Urgency

(Continued from Page 1)

not come to a complete standstill. It is nothing like that."

He said Mr. Mbeki's release and his own public predictions that it could, in turn, lead to Mr. Mandela's release and power-sharing negotiations might have raised unrealistic expectations.

"People tend to expect things to happen overnight, but the capacity of people's ability to digest change is limited," he said.

Moreover, he said, the aftermath of Mr. Mbeki's release was not what the government expected. Mr. Mbeki, 77, scheduled speaking engagements across the country and became a rallying point of a radical campaign. "Mr. van der Merwe said it was only then that the government put restrictions on him and scaled back some of the rhetoric about Mr. Mandela's release and black-white negotiations, the minister said.

He said he expected changes to continue this year in "small steps."

Mr. Slabbert, head of a liberal policy organization, the Institute for Democratic Alternatives for South Africa, said change was "a deadlock" and that Mr. Botha's government was to a "strategic cul-de-sac."

Mr. Slabbert said the police and army leaders of South Africa's security management system, whom he called "securocrats," stepped in to prevent Mr. Mbeki's release from being used as a springboard to power-sharing negotiations.

"The best of the reformers said, 'Let's make a test on Mbeki and see if we can release Mandela,'" Mr. Slabbert said. He added, "The best of the securocrats said, 'Let's release Mbeki and then use him to show that Mandela can't be released and that there can't be negotiations. I think the securocrats won on that one.'"

"P. W. Botha is not going to talk to the ANC," he added. "He'll talk Mandela out to die, but he won't let him out to be a factor." Colin Eglin, the leader of the Progressive Federal Party, said he was not optimistic about the future of change. "If the government intends to move," he said, "it is not prepared to move far enough to meet the minimum, legitimate demands of the black majority."

COUP: South Africa Acts

(Continued from Page 1)

successful ouster in Transkei of Prime Minister Stella Sigau. Foreign Minister Botha said before leaving for Mbabath that South African troops were justified in intervening because of Pretoria's relationship with Bophuthatswana.

"Military and police personnel moved in at the request of the Bophuthatswana government, a government that we recognize, a government with whom we have agreements," he said.

He said some South African security officers who had been stationed in Mbabath had been held captive by the rebels, even though they refused to surrender their weapons. He said the rebel soldiers were apparently afraid to disarm the South Africans for fear of touching off fighting.



Sir David Ford, chief secretary of the Hong Kong government, reading the white paper to the Legislative Council on Wednesday.

HONG KONG: Unpopular Plan

(Continued from Page 1)

The other major issue addressed to the paper is the separation of powers between the executive branch and the legislature. Following British colonial practice, the governor to Hong Kong also serves as president of the Legislative Council.

Advocates of democratic reform have sought to alter this relationship, principally because Beijing will formally appoint the chief executive after 1997. Citing "a clear majority in favor of the governor remaining as president of the council," the white paper leaves this arrangement intact.

Although political analysts and local leaders expected further political reform to be limited under British rule, the paper's highly conservative approach nonetheless has left many observers surprised.

Several commentators asserted Wednesday that Britain has effectively left all further change in Hong Kong's political structure up to China, which is preparing to publish a draft of the territory's post-1997 constitution several months from now. It is already known, for instance, that the constitution will open at least a quarter of legislative seats to popular vote — a higher percentage than indicated in the white paper.

The final version of Hong Kong's future constitution, known as the Basic Law, is to be promulgated in 1990, a year before the next round of legislative elections.

The white paper is seen, therefore, as completing the policy of "convergence" Britain has applied to the issue over the past several years.

First defined by Sir Geoffrey Howe, the British foreign secretary shortly after the Chinese-British pact was signed, the policy is based on the assumption that political reforms under British rule must converge with the Basic Law's contents.

The white paper's contents are likely to worsen the crisis of confidence that has been evident in Hong Kong since that period, local political leaders said Wednesday.

Morocco Is Retrying 6 Accused in 1973 Coup

(Continued from Page 1)

RABAT, Morocco — Six men sentenced to death in absentia for taking part in an abortive 1973 Moroccan coup went on trial in a military court on Wednesday, their lawyers said.

The six, granted provisional freedom during the trial, are being retried after they and 56 others were condemned to death in absentia in 1974 for taking part in the plot. The government said the failed coup was planned by members of the left-wing opposition Socialist Union of People's Forces party.

severe Iowa loss can bring, Garrett P. Cowehoven of Amherst, a Republican legislator who supports Mr. Dole, said, "Bush had the state until last night, but now anything can happen."

Mr. Bush changed his schedule to spend virtually all his time in New Hampshire until the primary, except for the one out-of-state event that could bring him some New Hampshire help: his regular Wednesday luncheon with the president.

Rich Bond, Mr. Bush's political director, who was excused in Iowa the past four months in try to stave off defeat, said, "New Hampshire will fix a lot of things for George Bush one way or another."

He said he had always felt that Mr. Bush "has a national base."

Mr. Bush quickly overhauled his campaign speech to emphasize his service to Mr. Reagan.

And the Bush campaign has sent

Hussein, on Visit to Vienna, Rejects Waldheim Invitation to Opera Ball

Compiled by Our Staff From Dispatches

VIENNA — King Hussein of Jordan arrived Wednesday on the first state visit since President Kurt Waldheim took office in July 1986 as fresh controversy surrounded the Austrian president's war record.

The king swiftly altered Mr. Waldheim's plans to take him to the opera ball on Thursday night, the social event of the year in Austria.

Hussein said he and his wife, Queen Noor, would not attend, although the king did not link his decision to the report this week on Mr. Waldheim's World War II service in the German Army.

A statement released by the royal couple said they did not consider it appropriate to attend because of "the unspeakable suffering of the Arabs in the Israeli-occupied territories of the Gaza Strip" and the West Bank.

A panel of six international historians issued a report this week that said Mr. Waldheim knew of Nazi atrocities when serving in the Balkans to 1942-45, that he failed to oppose them and left open whether he was guilty of any crime.

Hussein's statement said he was grateful for his reception by Mr. Waldheim and wished all guests "a pleasant and memorable evening" at the opera ball.

About 1,800 policemen are to seal off the Opera House to prevent any demonstration. A planned protest march was banned by the authorities.

Hussein was greeted at the airport by Mr. Waldheim, Chancellor Franz Vranitzky and Deputy Chancellor Alois Mock.

The king is one of only three heads of state to have received Mr. Waldheim, and his visit allowed the Austrian president a rare chance to

enjoy the trappings of head of state.

The visit came two days after Mr. Waldheim emphasized his intent to stay in office despite the historians' report.

Instead of defusing the controversy surrounding Mr. Waldheim, the publication of the report added to it. The president himself was said to be surprised and dissatisfied by the report.

The report did not find that Mr. Waldheim was guilty of war crimes but neither did it absolve him of blame, saying he was "far from just a lowly bureaucrat" while serving with the German Army.

Mr. Vranitzky, who said he was shocked by the report but has refused to say whether he thinks Mr. Waldheim should now resign, said briefly with him on the red-carpeted tarmac before Hussein arrived.

"I think that after the historians made clear what their report really said, Waldheim will have to face some more discussion about his own past," a leading Socialist minister said.

Meanwhile, Yugoslavia's Tanjug news agency said that a document linking Mr. Waldheim to war crimes, published by the West German magazine, Der Spiegel last week, was a fake and that an investigation was under way.

The document purported to be a telegram advising that Mr. Waldheim requested the deportation of more than 4,000 Yugoslav civilians during World War II.

The historians' commission said it could not find the document.

Tanjug said: "A commission of historians, archivists and other experts, formed by the competent Yugoslav organs, has reached the conclusion that the telegram is not authentic and that there is a founded suspicion that a forgery is in question."

humor. Who would have imagined a year ago, he said, that he would arrive in New Hampshire having "decisively beaten Gary Hart by 8 points in Iowa?"

He said he would go on "fighting for a cause that's a lot larger than any of us — moving away from the old pandering style of American politics."

While the opening moves were being made in New Hampshire, Democratic Party leaders were divided on the question of the campaign's future course.

Mr. Donilon and the former Democratic Party chairman, Robert S. Strauss, both said they saw an increased likelihood of no one emerging from the primaries with a mathematical majority of delegates.

Mr. Donilon said that if the New Hampshire primary sends Mr. Dukakis and either Mr. Gephardt or Mr. Simon south to battle Senator Albert Gore Jr. of Tennessee and the Reverend Jesse L. Jackson on March 8, there was a very real possibility that no one could gain a majority of convention votes from the primaries.

Mr. Donilon said that if the New Hampshire primary sends Mr. Dukakis and either Mr. Gephardt or Mr. Simon south to battle Senator Albert Gore Jr. of Tennessee and the Reverend Jesse L. Jackson on March 8, there was a very real possibility that no one could gain a majority of convention votes from the primaries.

Mr. Dukakis vowed to avoid attacks on his rivals, saying he wanted no part of the kind of "demeaning spectacle" that voters saw in the Republican quarrel last week between Vice President George Bush and Senator Bob Dole of Kansas.

But he implied that Mr. Gephardt's trade legislation was a defeatist effort "in build walls around America," said the oil import fee Mr. Gephardt supports was "as regressive and protectionist as anything you can do," and repeated his characterization of Mr. Simon's public-service jobs program as a "glorified WPA."

Mr. Dukakis also criticized both men for accepting contributions from political action committees, saying it is important that the Democratic nominee be "someone who can take this issue to the Republicans."

Mr. Babbitt quickly demonstrated that his poor showing in Iowa had not diminished his sense of

Waldheim, Amid Furor, Remains A Candidate for Nobel Peace Prize

International Herald Tribune

Amid the furor about incidents during his army career in World War II, President Kurt Waldheim of Austria remains a candidate for the Nobel Peace Prize.

Sources close to the Nobel prize committee in Oslo said Mr. Waldheim was nominated for his 1972-1982 United Nations service in June last year, too late to be considered in 1987. But his name automatically went forward and was included among the candidates when the deadline for nominations closed Feb. 1. A panel of historians reported this week that the president was aware of German atrocities during his army service in the Balkans, but did nothing to prevent them.

The sources said about 90 nominations have been received for the 1988 award, including those of President Ronald Reagan and the Soviet leader, Mikhail S. Gorbachev.

Mr. Waldheim was nominated by Professor Hans Köchler, a teacher of political philosophy at Innsbruck University and president of the International Progress Organization in Vienna. The organization, which has consultative status with the United Nations Educational Cultural and Scientific Organization to Paris, was set up in 1972 to promote cultural exchanges and tolerance toward alien cultures. Dr. Köchler could not be reached for comment.

SECOND: Simon-Gephardt Race in New Hampshire

(Continued from Page 1)

mon in the mix and us in the mix. Dukakis is going to win New Hampshire. The only important thing for us is to finish second."

On the other side, Mr. Simon's pollster, Paul Maslin, said, "We have to beat Gephardt in New Hampshire."

Mr. Dukakis has said he will have "no excuses" if beaten in New Hampshire. Given the high stakes for all three, the first blows were rather tentative.

At a news conference in Derry, Mr. Simon portrayed Mr. Dukakis as "a manager, a technocrat," and questioned the "consistency" of Mr. Gephardt's record.

"The people of New Hampshire ought to be examining not just 30-

The Iowa Tally

Table with 2 columns: Party and Percentage. Democrats: 19% of precincts reporting, Richard A. Gephardt 31%, Paul Simon 26%, Michael S. Dukakis 22%, Jesse L. Jackson 11%, Bruce Babbitt 9%, Gary Hart 1%, Albert Gore Jr. 1%. Republicans: 88% of precincts reporting, Bob Dole 37%, Pat Robertson 25%, George Bush 19%, Jack F. Kemp 11%, Pierre S. du Pont 4th 7%, Alexander M. Haig Jr. 0%, No preference 1%.

UNIVERSITY DEGREE advertisement for Bachelor's, Masters, and Doctorate degrees. Includes contact information for Pacific Western University.

DEATH NOTICE for Mr. H.D. Hadden, retired Aberdeenshire Chartered Accountant, who passed away on January 29, 1988.

Handwritten signature or scribble at the bottom of the page.



BRIEFS

ntify Hamadeh... A former West German... seized him in his Beirut hotel... released in September...

arov Suggests... Sakharov, the Soviet nuclear... reactors should be buried...

s Army's Ban... Army's ban on homosexual... a federal appeals court...

ches of the military... Department. It comes less than... upholding a Georgia anti-sodomy...

s Meet in Seoul... Circuit Court of Appeals ruled... a "homosexual orientation"...

ies would hold an expanded... session for the proposed... Kim Dae Jung split...

Break Up Protest... the second anti-government... barricades of burning tires...

phers reported in the latest... neighborhood of Masaya, 28 miles... Monday night, hundreds...

about 4,000 people had staged... it and repudiate the earlier... ended before the protest began...

a member of a banned... to three years in prison... said...

UPDATE... Returns to Normal... buses and streets on... weeks but other transport...

age a rush-hour strike... were due to stop work for... airports at Lisbon, Oporto and...

d a joint venture to take... ing the Soviet-Pan Am Travel... other facilities in the Soviet...

ived new safety rules on... pectors. The regulations... appeared nearly a year ago...

Tide Open... moderate voters go to... conservative voters go to...



DOUBLE-PARKED — An investigator walking on the wing of a single-engine Beechcraft that crashed at a shopping mall in San Jose, California, on its approach to a nearby airport. No one was injured, but the plane and five cars were damaged.

Robertson, Now in Spotlight, Braces for the Heat

By T.R. Reid... MANKATO, Minnesota — Saving his success in Iowa, Pat Robertson is campaigning across the frigid snowscape of the northern prairie as the Republican presidential candidate's strategic preparations to face the heat they expect from the press and their competitors in the next few days...



Pat Robertson

U.S. Team Plans Visit To Make Soviets Laugh

By Irvin Molotsky... WASHINGTON — Since the thaw in U.S.-Soviet relations began, there have been cultural exchanges of art, music and dance. Now comes laughter...

Senators Back Blandón On Noriega-CIA Link

Compiled by Our Staff From Dispatches... WASHINGTON — Two U.S. senators said Wednesday that, despite CIA denials, they believe a former Panamanian official's testimony that the U.S. intelligence agency routinely sent General Manuel Antonio Noriega classified reports on U.S. legislators...

Ermenegildo Zegna

TAGLIO ESCLUSIVO



at SAVOY TAILORS GUILD 93/95 The Strand, London WC2

The 'Taglio Esclusivo' service allows you to have a garment tailored to your style, your taste, your size and with the most extraordinary fabric in the world...

Paintings Valued At \$6 Million Are Stolen in N.Y.

United Press International... NEW YORK — A pair of agile amateurs probably were responsible for a \$6 million art heist that stripped a prestigious Manhattan gallery of 27 works by old masters in the nation's biggest art robbery, the police said Wednesday...

Advertisement for KLM featuring the text: "All airlines say goodbye at the end of a flight. Then KLM ground staff say hello." The background is a dark, textured image.

Shultz Yields in Rift Over ABM Pact

By R. Jeffrey Smith... WASHINGTON — Secretary of State George P. Shultz has sent a letter to key Senate Democrats that he hopes will settle a legal dispute over Senate review of the U.S.-Soviet treaty eliminating intermediate-range nuclear forces...

Bishops Reject Criticism on Clerical Child Abuse

By Ari L. Goldman... NEW YORK — The nation's Roman Catholic bishops, accused of failing to do enough about priests who molest boys and girls, have defended their actions in such cases...



INTERNATIONAL Herald Tribune

Portents From Iowa

Protectionism Pays

The relatively bunched-up Democrats did not provide so dramatic a result in Iowa as the Republicans did. What was dramatic and seems worth inspecting is winner Richard Gephardt's surge from 6 percent in a December Iowa poll to his 31 percent victory Monday night. It was fueled by the television spots he began running on Dec. 26.

not quite the same computer. The president of Apple Computer Japan Inc. says that much of the difference is due to the cost of adapting the computer to the Japanese language. Also, because of high price levels in Japan, Apple has decided in price its products high for quick profits rather than price them low in the hope of increasing sales.

Zeal Is Still Popular

When, after months of chafing, students of the presidential campaign finally have real results in hand, it is worth registering what actually happened in the Iowa caucuses: On the Republican side, Senator Bob Dole won big and Vice President George Bush lost also big. Among the Democrats, three candidates, Representative Dick Gephardt, Senator Paul Simon and Governor Michael Dukakis divided 80 percent of the vote. The critics, however, are so alarmed that Pat Robertson finished second ahead of Mr. Bush that they quickly rush past those fundamental facts — and unfairly forget the Iowa-ness of Iowa.

of zealots on the religious right. "I think people have caught on to the distortions in the process that are caused by the Iowa caucuses," says Senator Albert Gore, who dropped out of the Democratic race in Iowa. The critics are mistaken. The surprising gains were not registered on the liberal side. Dick Gephardt was the favorite of conservative Democrats, Pat Robertson of conservative Republicans. The critics are also unjust. Yes, a dedicated band of zealous followers can make a big difference; but it is a difference that Americans have come to like. Iowa allows underdogs without fame or fortune to invent their candidacies the hard way, door-to-door. Anyone alarmed by Mr. Robertson's "distortion" would do well to recall America's approval when another born-again Christian and his zealous band won Iowa — and the White House — in 1976.

Bush Has a Problem

The first thing to be said about the Iowa Republican caucuses is that Bob Dole won a handsome victory. He may have had a regional advantage in this farm state, but his support was broad and deep and he proved that he could assemble a strong organization. His margin over his recent days' sparring partner, George Bush, was a solid 2-to-1.

United States could muster only 20,000 of Iowa's 1.6 million voters to support him — less than two-thirds as many as backed him, as a lesser public official, in 1980. In New Hampshire, Mr. Bush is on more favorable ground. He has been leading in polls there for months, although his lead seemed to dwindle late last week and may be gone. President Reagan is popular and Mr. Bush's pledge not to raise taxes is good politics in a state where governors are expected to "take the pledge" not to raise state taxes. Mr. Robertson has little natural constituency in New Hampshire, and his enthusiasm makes less difference in a high-turnout primary than in a low-turnout caucus.

Other Comment

The Case Against Waldheim

Now that the details of the report of the historians' commission on Kurt Waldheim's war record have been published, it is possible to reach a soundly based judgment. Mr. Waldheim, the Austrian government and most of the Viennese press have greeted the report as a vindication of their position and not as a "personal pull" attached to the president. The unbiased reader will treat this wishful thinking with the contempt it deserves. Austria has permitted Mr. Waldheim's clinging to office to become a national fetish. The longer the inevitable decision is postponed, the greater the wound to national pride is likely to be. Friends of Austria should show sympathy for its plight but not indulge its self-pity. It is time for spring cleaning in the Hofburg.

Beyond any doubt, Mr. Waldheim knew of what was taking place during his Balkan service, or he was, in Robert Rhodes James's laudatory phrase, "the worst intelligence officer in the world." Perhaps most damning a sorry catalogue of evasions, half-truths, downright lies and belated corrections has served as Mr. Waldheim's explanation of his conduct. The Austrian government should show that it takes the past seriously. Mr. Waldheim sought and won appointment as secretary-general of the United Nations, all the while methodically attempting to conceal his wartime activities. If he had not served in that office he would probably never have become president of Austria. His actions have embarrassed his fellow countrymen and tarnished Austria's image abroad. They are, too, the world's legitimate concern.



Arias: No Euphoria About a 'Big Responsibility'

SAN JOSE, Costa Rica — President Oscar Arias Sanchez shows a sense of urgency now in pushing for the next steps in his Central American peace plan. He rightly hailed the vote in the U.S. House of Representatives against aid for Nicaragua's Contras as an "opportunity" and a "big responsibility for us" in Central America, not in itself decisive.

was no euphoria, no self-importance. He knows that the toughest part lies ahead. It is hard to tell whether he is an extraordinarily able political negotiator who has been lucky in his timing, or a clever but impractical dreamer. Certainly he is a democrat in a region which, except in his own country, has known little but violence and authoritarianism.

whether he had any signal from Moscow that it would help military supplies to the Sandinists. "That would have to be negotiated," he said, "but there would be no more grounds. Then we must seek limits on armed forces."

Costa Rica has abolished its army and has only police forces. President Arias is not such a visionary as to insist that the other countries do the same, but he insists that democracy — which obviously means getting armies out of politics — "is the precondition for a durable peace."

For South Korea, a New Pattern of the Same Cloth

SEOUL — The inauguration of Roh Tae Woo as president is due on Feb. 25, and National Assembly elections are soon to follow. South Koreans are adjusting to a new political normality. The government believes it can retain power indefinitely by using political skill instead of brute force, and the opposition is in such disarray that it cannot mount a serious challenge.

chance, and this mood will most likely be reflected in the assembly elections. Perhaps most important, these elections will put new faces before the public, especially from the opposition camp. This testing of the waters will measure the impact of the candidates, build name recognition and sift the issues.

and encouraged the broadening of diplomatic and economic ties. But these gains are offset by the use of trade frictions as a nationalistic rallying point. The lack of national unity revealed in bitter regional divisiveness in the presidential election tempers the government to promote solidarity by cultivating fear of friend and foe alike. Thus, U.S. pressure in the trade arena is an issue made to order for the government party, since this distracts attention from domestic problems and provides an external target for lingering dissatisfaction.

He has not just been overtaken by events but backed into a corner by them. His lumpy progress with other countries have collapsed. Terrorist raids have turned the world against the Palestinian groups he supports. A Palestinian boycott has been in force in the West Bank, but he has no role in it.

For America, 'Debtor Status' Isn't the Problem

WASHINGTON — Has the investment banker Felix Rohatyn, a possible Democratic secretary of the Treasury, been in outer space? Writing in The New York Review of Books, he says that the United States has lost its economic independence because it has become the world's largest debtor nation.

What primarily raises living standards is increased productivity. This means that eliminating U.S. trade deficits represents a small burden on future living standards. The gross national product totals \$4.5 trillion. On paper, America could end trade deficits by expending the equivalent of two years' productivity gains.

without an expanding world economy. Violent exchange-rate movements need to be tempered. One way is to control inflation, which affects confidence in the currency. Other needed steps are not so clear. No one fully understands the quirks of the foreign exchange markets. But America cannot solve these problems alone.

100, 75 AND 50 YEARS AGO  
1888: Pitiful Heroines  
LONDON — Probably no exhibition of pictures could be more disappointing than the Graphic gallery of Shakespearean heroines. Mr. Calderon has chosen Juliet. His work might represent any moonstruck maiden in a latterday novel. But how to describe the inappreciation of Mr. Waterhouse's "Cleopatra," the fatuous bathos of Mr. Marcus Stone's "Opheia," or the mysterious inefficiency of Mr. Alma Tadema's "Fortia"? They make one at once despair of British art, and wonder what Shakespeare would feel could he discover what the Royal Academicians see in his works.

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCELS SULZBERGER Co-Chairmen

Revenge of Jesse and P... AMMAN, Transjordania — The "Good Neighbor" treaty between King Ibn Saud of Saudi Arabia and Emir Abdullah of Transjordan has been renewed for another year. In time to assure peaceful progress of the Moslem pilgrimage to Mecca, the pilgrimage is at its height in February. For centuries thousands of pilgrims were the prey of nomad tribesmen roaming the Arabian desert. Under their agreement, the two monarchs, who until recent years were bitter enemies, undertake to hold in check the nomads in their domains.

JPLI ciol'ISA



OPINION

Gadhafi: Just What He Seems

By Jim Hoagland

NABA, Algeria — It is a cold, cold day here, completely devoid of the sun or the warmth of the desert...

Consider the first implication of that: If he repeats that kind of showing in New Hampshire, we will all be forced to realize that Mr. Jackson's white support in Iowa was not a fluke. He will cease to be patronized as a "factor" and will be seen as The Democratic Problem.

Here is the party's problem: Add that kind of consistent white percentage to the expected solid black backing for Mr. Jackson, and you can expect a Democratic convention of 1,000 solid minority-infused Jackson delegates...

Assume that at least two of the moribund candidates — Richard Gephardt or Paul Simon, Michael Dukakis or Albert Gore — remain in the race to the convention. The one with the most strength would try to get the nomination by offering the vice presidency to the other...

Unless Wall Street is filled with the pincushions of yuppie selling apples, the resulting Democratic ticket would ensure a Republican victory, not because Mr. Jackson is black but because he is a McGovernite lefty with far-out foreign policy ideas and towering egotism.

What if the number two spot is delegated to the man with a thousand delegates? The rejection of a man with no experience in governing, and an organization vulnerable to investigation, would be misinterpreted as racist, and the Democratic Party's most dependable supporters would desert in droves.

Revenge of the Reverends: Jesse and Pat Spell Trouble

By William Safire

WASHINGTON — Pray for the Republic, the ministers are coming! The big Democratic winner in the Iowa caucus is the Reverend Jesse Jackson. With more than 10 percent of the total delegates to caucuses where only 3 percent of the participants were black, he demonstrated that his anti-establishment appeal goes beyond color lines.

For every black who voted for him, three whites were willing to stand up publicly and be counted in his support.

To take the focus off Mr. Jackson at the Atlanta convention, the Democrats would probably try to go outside the field for a candidate, perhaps to the untested Mario Cuomo, who would then take a conservative running mate.

That is your problem, Democrats. The Republicans' problem is the other big winner in Iowa, Pat Robertson, who excoriated NBC's Tom Brokaw for religious bigotry because the newscaster accurately referred to him as a former television evangelist.

The religious right did its congressional thing in the caucus system, which leads itself to penetration by militant minorities, but it is hard to believe Mr. Robertson will run up anywhere near his 25 percent share of Iowa delegates in states that hold broad-based primaries.

If I am correct, if the "value voters" turned out by television tub-thumpers amount to no more than 10 percent of the delegates at the Republican convention, then Mr. Robertson will not be the vice presidential threat to the Republican ticket that Mr. Jackson will be to the Democrats.

I think the minister has peaked already, by succeeding in scrambling the Republican race in its first week.

Certainly he has provided the former front-runner, George Bush, with a character-building experience. The vice president will now point out that Ronald Reagan lost in Iowa in 1980 and came back to win in New Hampshire.

More to the point, he will recall how the Washington Redskins lost in the first quarter to the Denver Broncos before roaring back in the second.

But Mr. Bush is staggered; we will see quickly how much of his support is personal and how much is the perception of inevitability. Pro-Reagan New Hampshire isn't anti-Reagan Iowa, but the big undecided vote is not likely to break the way the already-decided has.

On the contrary, undecided voters are likely to break toward Bob Dole, whose steady Iowa support was not affected by what horrified Republican moderates call the invasion of the body snatchers (so offense, Pat), or especially toward Jack Kemp, who ran respectably in Iowa and may be next week's big surprise.

Thus has this campaign begun as a series titled "Yes, Ministers," but while Pat will remain a factor, Jesse may become a fact. This campaign is becoming more interesting than most.

To paraphrase the poet extolling the exhilaration of a revolutionary era: Bless it in these primaries to be alive, but to be a pundit is very Heaven!

The New York Times

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The Quadrennial Carnival Is Bad for the Cornfields

By Jim Fain

WASHINGTON — More than 3,000 reporters trampled one another on Iowa's frozen cornfields. So many satellite dishes beamed so much garbage that if some intelligence ever traps it out there in intergalactic space, it will assume that Americans were Maydaying a disaster.

Not since Super Bowl XXXI on the last day of January — roughly an eon.

Back in the days before indoor plumbing, when I began covering presidential politics, a cadre of four reporters, plus AP and UPF stringers along the way, dealt with a comparable event, the 1956 Minnesota primary in which Estes Kefauver upset Adlai Stevenson.

Mr. Kefauver was the first politician raised to stardom by television: He caught America's fancy in televised hearings on organized crime. Like most pioneers, he didn't profit, which was probably a blessing. In 1952 and '56, he won most of the primaries — which were accurately derided by Harry Truman as "not worth spit" — but was shut out by party stragglers who picked Mr. Stevenson.

Now the parties are fragile shells supported by candidates, whom they black-mail for funds. Television has replaced them as the link between politics and voters, and left them mere den mothers of such photo opportunities as quadrennial conventions and primaries.

That began in the '60s with John Kennedy, who proved his viability with primaries but still had to go to bosses like Chicago's mayor, Richard Daley, for the nomination. It came of age with George McGovern in '72 and Jimmy Carter four years later; he "won" Iowa with a steady organizing campaign. Actually, he ran well behind "uncommitted," but "uncommitted" does not televise well, so Mr. Carter was the media victor.

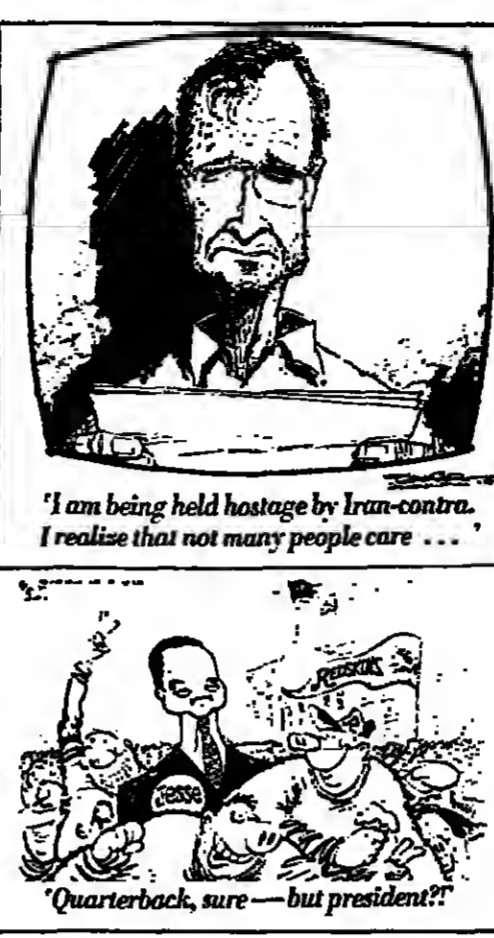
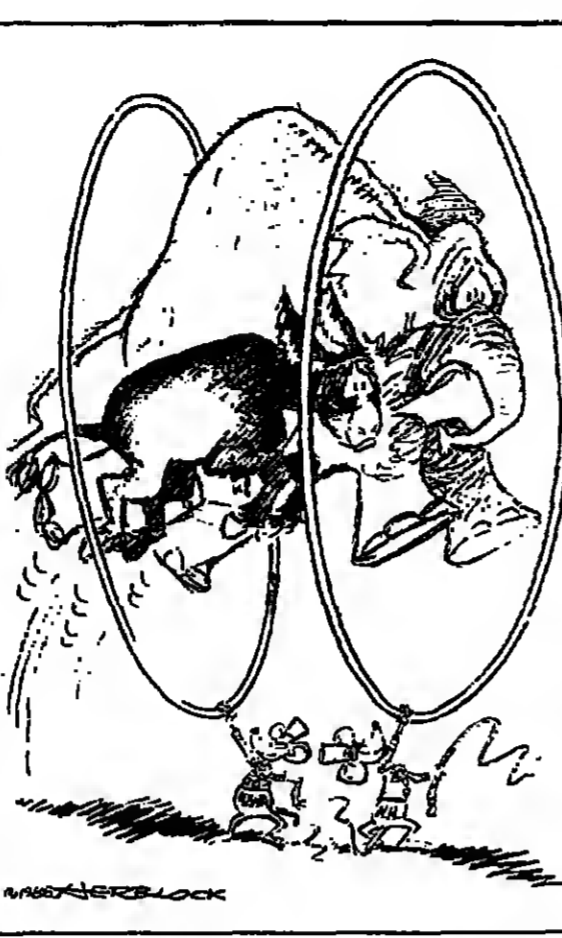
His triumph could well have been wasted, however. The media had paid little attention in '72 when Mr. McGovern did a similar Iowa number on Ed Muskie. But Carter's press aide, Jodie Powell, had a different idea. He flew his boss to New York on caucus day and offered him to the television networks. The next morning, Mr. Carter's toothy grin lighted all three breakfast talk shows. The rest is history, for Mr. Carter and for the caucuses.

There is a lot to be said for popularizing the nominating process, despite nostalgic pundits who romanticize the notion of privatizing it under party bosses. Elites are anything but immune to power corruption. But the obscene extravaganzas that has mushroomed around Iowa and New Hampshire is madness, bound to collapse under its weight if not its absurdity.

There is no way to ration media coverage, but regional primaries could dilute the carnival and restore a modicum of perspective. To keep costs in line, you would need to guarantee some free television time to candidates who establish bona fides with petitions or similar validators. There is no reason to award private entrepreneurs the bonanza of public airways without requiring some patriotic service as compensation. And genuine debates among candidates, minus anchors and interrogators, would be especially useful.

The system America has now is not sacrosanct. It mutated out of historical accident, misguided reform and technological revolution. Neither the nominees nor the presidents with whom it has saddled the United States since the '60s recommend it in the slightest. The nation that invented buttered popcorn can surely think of a better system.

Cox News Service



Some Messages Will Need to Change in New Hampshire

By David S. Broder

MANCHESTER, New Hampshire — A useful way of analyzing the situation of the 13 American presidential hopefuls, in their passage from Iowa to New Hampshire, is to ask which of them must now change their messages and which need not bother.

That perspective provides a different lineup of winners and losers than did the Iowa results.

To dispose of the easiest questions first, the quartet of "formers" — former Senator Gary Hart, Democrat; former Governors Bruce Babbitt, Democrat, and Pierre (Pete) D. B. DeLoach, Republican; and former Secretary of State Alexander Haig, Republican — do not have to do a thing. As weak finishers in Iowa, with no better prospects in New Hampshire and no funds to sustain their campaigns into March, they can say whatever they like for the next few days, because it will not make much difference.

Nor do the two reverses need to change their scripts. Pat Robertson, Republican, and Jesse Jackson, Democrat, both did well in activating constituencies in Iowa while enacting some of the time of extremism from their images. In some ways, Mr. Jackson's fourth-place finish in the Democratic race in a state with very few blacks was more striking than Mr. Robertson's more publicized feat of finishing second in the Republican contest with the available fundamentalist votes.

Two others who do not have to change their scripts are Senators Bob Dole, the winner of the Republican primary, and Albert Gore Jr., the last-place finisher among the Democrats. Mr. Dole's victory was not just a gesture to a Kansas neighbor. He has become the best of the Republican campaigners, perhaps the only one consistently offering a fairly full, if self-flattering, picture of himself and of his approach to the presiden-

cy and some of the nation's major issues. For a man with major insecurities as a presidential candidate, Iowa had to be a huge confidence-builder. And a confident Mr. Dole will be a formidable contender.

Mr. Gore did the opposite, avoiding Iowa entirely, and he will be only a blip on the New Hampshire screen. The Tennesseean can take comfort from the fact that New Hampshire is likely to reshuffle the order of finish among the closely bunched top Democratic candidates in Iowa — Representative Richard Gephardt, Senator Paul Simon and Governor Michael Dukakis — and thus deny any one of them great momentum coming into the South on March 8. But Mr. Gore has left himself only one shot at getting into the race.

Two candidates who probably cannot change their messages, even if they wanted to, are Mr. Simon, the Illinois Democrat, and Representative Jack Kemp, the New York Republican. Mr. Kemp has been moving up in New Hampshire by arguing that he will not reduce Social Security benefits, raise taxes or trim a dollar from defense. Voodoo economics is still his religion. His financial pitch requires that he beat Mr. Robertson for third in New Hampshire, which he should be able to do, and crowd at least one of the two favorites, which may be harder.

Mr. Simon's old-time Democratic religion has won him a following in New Hampshire, and he would jeopardize it if he changed tone at all. But he cannot survive another beating by Mr. Gephardt, and he is in danger of getting one. As for Mr. Gephardt, he developed into the best Democratic stump speaker except Mr. Jackson during the final month in Iowa,

and managed an amazing transformation of character and message. Somehow the consummate congressional insider was able to fly a plankload of fellow congressmen and business lobbyists to Des Moines to endorse him and still present himself to voters as a scourge of corporate America and the establishment.

Having managed that feat, it should be easier for him to turn back to his true self — a moderate Democrat with strong back-room negotiating skills — as the climate of New Hampshire and the South dictates. But his rivals may no longer be as patient about his flip-flops as they were in Iowa.

As for Mr. Dukakis, it would take a major blunder for him to lose New Hampshire to a divided opposition, but his message problems are real. He has yet to find a way to communicate the genuine passion he feels about the stagnant parts of urban America and the foreign policy trapped in them. And his approach to foreign policy comes so close to renouncing the unilateral use of power to protect national interests, while relying on international covenants and organizations that have looked futile for 40 years, that it sometimes sounds as if the ghost of Eleanor Roosevelt had taken control of his body.

But such problems seem minor compared to those of the Republican front-runner, Mr. Bush. Eight years ago he came to New Hampshire as the winter of Iowa, and lost because he had nothing of substance to say to the people. This year he comes in as the loser in Iowa, and he still has nothing of substance to say. Loyalty to Ronald Reagan and a vague commitment to be "the education president" will help, but they are not enough to sustain him for long. He needs to think about why he wants to be president — and let the voters in on the secret.

The Washington Post



Washington 42, Contras 10

LETTERS TO THE EDITOR

Moscow's Sandinists but not Washington's Contras?

It was with dismay and disgust that I read "Nicaragua: The Dynamics of Change Must Prevail," by Carlos Fuentes (Opinion, Feb. 1), a someone novelist and now professor of Latin American Studies at Harvard University. It is precisely such claptrap that gives universities and academics a bad name. He presents the fantasy of the Sandinists as a group of moderates, devoted to democracy and the welfare of the people; it is only the villainous Reagan administration that prevents these democratic benefactors from fulfilling their dream. He pictures them as centrists, caught between extreme right and extreme left.

Nothing could be further from the truth. All the evidence indicates that President Daniel Ortega Saverio is a devout Communist who considers his government an appendage of the Soviet Union and dedicated to implementing its foreign policy, which is to destabilize governments in the Western Hemisphere. To this end, the Sandinists perform under the guidance of a host of Soviet and Cuban advisers and transport arms to leftist guerrillas. It should be noted that a Communist Nicaragua poses no threat to the United States, but as a Soviet stooge it is a danger not only to the United States but to the entire Western Hemisphere.

Mr. Fuentes obviously views life through rose-colored glasses. His slanted blatherings should cause Harvard to reconsider whether his further employment is in the best interests of the student body. This learned scholar owes his position to a newly created discipline foisted upon Harvard by the clamorings of a student Latin American lobby. Naturally he would parrot their official line. Militant minorities move against the weakest link in society: the universities, notorious for their lack of intellectual fortitude.

SAMUEL I. GORDEN  
Vienna

fit Mohammed Ayub Khan, or possibly even Zulfikar Ali Bhutto, who lost his head to General Zia's justice, but hardly does it fit their successor as Pakistan's president.

The United States has gone through contortions to make concessions to General Zia because he is advancing U.S. foreign interests by helping the Afghan resistance. Those concessions may come home to haunt Americans when Pakistan possesses a workable "Islamic" atom bomb.

I agree with Mr. Rosenthal that the Afghan resistance fighter probably will not lay down his arms while there is a Soviet soldier on his soil. But, like General Zia, I wonder if this fierce enmity would extend to Afghan Communist functionaries, as Mr. Rosenthal contends.

The resistance did not start rising until Soviet soldiers intervened, even though there were Afghan Communist officials ruling in Kabul well before the foreign intervention. The key word here is "foreign." The Moscow tribal warrior knows all about infidel invaders, little about Marx.

RICHARD PATRICK WILSON  
Mobile, Alabama

The continuing reluctance of Congress to cut off aid to Pakistan despite overwhelming evidence of that country's nuclear program makes one wonder if the U.S. law prohibiting direct assistance to any country receiving unsecured nuclear enrichment or reprocessing equipment applies to Pakistan.

SJ. BEDL  
Birmingham, England

Primary Confusion Abroad

The report "42 Seek to Be Delegates for Democrats Abroad" (Jan. 29) showed active interest in the forthcoming Democratic primary abroad, but the small print was not so cheerful. Only one presidential candidate had more than one overseas primary candidate committed to him (Michael S. Dukakis, with four). An ambitious Democrat living abroad threw his hat into the presidential ring and claimed that 15 overseas primary candidates were committed to him — far from a majority.

These figures highlight the failure of presidential candidates to reach overseas voters at this stage of the campaign, while serving to confuse the real picture. The coming primaries in the United States will fulfill their function of narrowing the field and will lead to a consensus that will rally Democrats overseas behind one of the well-qualified men who are running.

ALFRED E. DAVIDSON  
Paris

Don't Tax Retirees Further

Regarding "A Changing Soviet Union Will Mean a Changed World" (Opinion, Feb. 2) by Edson W. Spencer:

I was in full agreement with Mr. Spencer until his last paragraph. It is fine to increase taxes, including (what a great idea) a debt-reduction surtax; this puts the burden mainly on those who are active taxpayers. But I say a big "no" to taxing further and to uncertain ways those who have taken their reward for a lifetime of work: retirees.

Those of us who have retired, or are close to it, have earned our "entitlements" and have planned on them. Those whose career and financial achievements stand high above the average, such as Mr. Spencer, are entitled to the security and comfort provid-

Of Meese and 'Mild Sleaze'

What a cautionary tale William Safire spins in "This Pipeline Story Begins to Resemble a Witch-Hunt" (Feb. 4). Does he really believe that sly blame-throwing on the State Department can clarify the murky waters around Attorney General Edwin Meese? The writer's protective instinct for the Justice Department is touching, but could he please define more exactly just what is "not any more than mild sleaze"?

BARRY CURRAN  
Barcelona

What Was That Advice Again?

Regarding Joe Murray's "A Column of Personal Communication" (Meanwhile, Feb. 3): I was most surprised to read that Mr. Murray encouraged Miss Courtney never to use the word "whom," instead of suggesting that she learn the rules of grammar, the foundation of clear and correct communication. Why is incorrect spelling unforgivable but incorrect grammar advisable?

ANDREW SADLER  
Frankfurt

Some Type A's Like Yoga

In his opinion column on Type A personalities (Jan. 28), Charles Krauthammer, rather than properly interpreting a scientific study, chooses to denigrate those with "bent minds" who find it useful to pursue what he terms "mellowness training."

As a professional musician who has recently done all three different tours that included France, Japan the United States and Europe again in four months, my Type A but unobnoxious personality did help me to survive, but that is not all. With time changes, jet lag, lack of sleep, dietary changes, stage fright, rehearsals and frequent flight cancellations, there is much to rattle the nerves and dissipate one's energetic I was introduced to yoga by a well-known jazz singer, thanks to whom I am able to do a few exercises before a show, in any hotel room or theater, which help me gather this nervous energy and put it to a more creative and productive use. It also enables me to remain in good health at these physically demanding times.

Many Type A's have such activities, which serve as a sort of "downtime" without which one loses the ability to think clearly, sleep well and operate efficiently.

MONIQUE MATHESON  
Paris

NOTES ON A CENTURY

What Do Trib Readers Have in Common? They're Well-Traveled, Well-Off... And Very Well-Read

By Virginia Vitroz  
Not long ago, the International Herald Tribune's marketing department was asked to come up with a definition of the "average" IHT reader.

The marketing director and staff set to work with a will. They had plenty of data to work with — the Trib has been doing extensive readership surveys for 20 years.

Soon, the picture of a typical reader began to emerge. But so did contradictions.

First of all, the Average Reader, strictly speaking, had to be a man — research declares that 81 percent of IHT buyers are male. But that figure doesn't take into account the many women who read the IHT after — or before — their husbands.

And another question: How old a reader? The average reader's age is 44, but averages can be misleading and should not obscure the importance of all those junior executives, university students and retired readers.

One reader trait gave the marketers no problem. The IHT reader is well-educated: 85 percent are university graduates and nearly 50 percent have graduate degrees.

And he tends to be financially comfortable. The average family income is \$82,700, the average personal net worth is \$317,600, and one in ten are millionaires, as measured in U.S. dollars. But again, it would be a mistake to ignore the diversity of the audience.

And so it went, through the gamut of statistics. After a couple of weeks of trying to bully his computer into producing something significant, the research chief threw up his hands in despair and the search for the typical IHT reader was put aside.

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But never fully abandoned. Because a lot is known about our readers. And even

Though extensive world news coverage was already a priority, the paper in its early years was oriented to a social elite, covering the comings and goings of the cosmopolitan movers and shakers. Readers today, however, even among what may now constitute the leisure class, are far less leisurely than they once were. Yet these are the very people who for business and professional reasons must read widely and wisely.

For these readers, and others, the IHT's team of experienced editors, who receive an average of 3 million words of computerized information each day, condense this bewildering array into only one percent of that total.

What readers get when they receive the IHT is thus, among other things, the expert judgment of a group of skilled journalists as to just what part of the available information deserves their attention.

We feel that good newspapers in this day and age must compete effectively for the time of busy readers and can do this best by selecting and presenting the most important and useful news in a manner which is both comprehensive and efficient.

"Compact" is the one adjective most often used by our readers to describe the paper's particular appeal to them — though always with the stipulation that the compactness by itself would mean very little if the information presented was not also responsible and representative.

As it enters its second century, the IHT retains its aura of a "village newspaper." But now, the village has gone global.

This is the 46th in a series of messages about the IHT.

18 YEARS AGO

18, 1912, but persisted on the journey. After reaching the Pacific, they struggled for some two months back to the "One Ton Dugout" but one by one they died on the beach. The news of the tragedy came from the Terra Nova, which was in Christchurch, New Zealand, and the remainder of the ill-fated expedition.

1938: En Route to Heil

ANMAN, Transjordanian "Gaza" neighborhood. King Ibn Saud of Saudi Arabia, Emir Abdullah of Transjordan, had been renewed for another year to assure peaceful relations between the Moslem pilgrimages to Mecca. For centuries, thousands of pilgrims were the prey of bandits roaming the Arabian desert under their agreement, the arches, who until recently were bitter enemies, under the leadership of the nomads in the desert.



# Southeast Asia States Crack Down on Christian Churches

**By Michael Richardson**  
*International Herald Tribune*

**SINGAPORE** — Christian groups in Southeast Asia, particularly the Roman Catholic Church, have come under increasing official scrutiny for allegedly allowing personnel, funds and organizations under their control to be used in support of Communist-led movements.

In the Philippines, Singapore and Malaysia, a crackdown has led to closure of some bodies affiliated to Christian churches and to the arrest of clergy and lay workers.

Analysts say that actions taken against radicals and government critics in Christian organizations have intensified debate over the role of the church in Asian countries where armed insurgents are active or where different religions are in a state of uneasy coexistence.

Debate centers on whether Christian groups should become involved in political action to change society on such issues as human rights, poverty and social justice.

Analysts say that in the Philippines, Asia's only predominantly Christian nation, and in Singapore, there has been a reassertion of conservative control of the Catholic church following criticism of growing political activism.

Cardinal Jaime L. Sin, the Catholic archbishop of Manila, said last week that

a conference of bishops in the Philippines had decided to disband the church's National Secretariat for Social Action after it was found to be "highly infiltrated" by leftists who channeled money to Communist guerrillas.

He said that this money amounted to millions of American dollars a year.

"We are now cleaning our ranks," Cardinal Sin added.

Bishop Francisco Claver, who heads a revamped social action secretariat under tighter control of the bishops, said that money from Europe, the United States and Australia would no longer be passed on to nonchurch groups.

Cardinal Sin has said that many priests and nuns "joined hands" with the Communists during the repressive regime of former President Ferdinand E. Marcos.

However, they had been ordered to end all involvement with the insurgents because democratic rule had been restored under President Corason C. Aquino.

In January 1987, Catholic bishops in the Philippines issued a statement asserting that it was "inconsistent with the gospel values for lay faithful, priests, religious brothers and sisters, seminarians and church workers to support or join organizations or movements that espouse violence as the road to social transformation."

Church sources said that Pope John Paul II had written to the bishops instructing them that the church in the Philippines should avoid direct participation in politics.

The Catholic church claims the allegiance of 85 percent of the 55 million population of the Philippines.

In Singapore, Christians make up 12 percent of the 2.6 million population.

A statement issued by Singapore's Ministry of Home Affairs charged that the conference had been using Singapore as a base to aid pro-Communist movements in other Asian nations. It had also provided covert support for radical activists in Singapore, the ministry statement added.

George Niman, associate general secretary of the Christian Conference of Asia, denied that the group was involved in the internal politics of any country.

It organized programs, he said, "to help members to be good, responsible Christians in the world."

Steven Webb, an Australian lay worker in the conference's Singapore office, said he thought the closure was "part of a trend of the government cracking down on dissident voices."

As far as he was aware, no money from the conference "has been intentionally directed towards pro-Communist movements."

Mr. Webb said that the conference was involved in supporting churches in countries such as South Korea and the Philippines where human rights were abused.

"If seeking liberation from such things is the reason for our expulsion," Mr. Webb said, "then, in a way, it's a privilege to be expelled."

In May and June, 1987, the Singapore

government arrested 22 persons, 10 of them Catholic church workers.

It alleged that they had links with Communists in the Philippines and Europe, and were involved in a Marxist plot to subvert the government of Singapore. All but one of the 22 have been released.

Justifying their detention, Lee Kuan Yew, prime minister of Singapore, said that while the government guaranteed freedom of worship for all religions, it would not allow religious groups to be a cover for subversion.

Mr. Lee added that the religious mix in Singapore was such that over-zealousness on the part of any one sect could trigger off undesirable chain reactions from the others, leading to "the dismemberment of our multiracial community."

In Malaysia, police arrested 106 people in October, including about 12 who were closely associated with Christian groups.

All but 32 of the 106 have been freed. Church sources in Malaysia said that two of those still in detention were Anthony Rogers, a member of a Catholic religious order, and Chee Heng Leng, a Protestant lay worker.

They have been charged with involvement in pro-Communist activities. Both were alleged to have visited the Philippines to meet Communist representatives there. They denied the allegations, the sources said.

## Debate centers on whether Christian groups should become involved in political action.

# Moscow's Pullout Offer Adds Urgency to Effort On Afghan Peace Pact

**By Paul Lewis**  
*New York Times Service*

**UNITED NATIONS, New York** — The Soviet offer to start withdrawing from Afghanistan in May is putting new pressure on the other parties in the civil war to reach a compromise peace settlement next month, according to officials involved in the UN effort for a settlement and other experts on the conflict.

The settlement may include agreement on a coalition government to take power after Soviet troops leave, officials say.

They say the Soviet move, announced Monday, is intended to persuade the Pakistani government, the Afghan guerrilla forces and the Communist authorities in Kabul that Moscow is sincere about ending its eight-year involvement in the Afghan war this year.

The Soviet Union, according to this view, wants to put pressure on all three parties to come up with a peace agreement acceptable to Moscow at the next round of Geneva peace talks, opening March 2 and to create a broad-based neutral government of national reconciliation that would take over when Soviet troops leave.

On Tuesday, the United Nations mediator in the Afghan war ended three weeks of negotiations in the region, saying there now was "virtual agreement" on a timetable for the withdrawal of the Soviet troops from Afghanistan, thought to number 120,000.

"The gap is closed to the point where I think a specific agreement at Geneva is clearly foreseeable," said the mediator, Diego Cordovez of Ecuador, in an undated news conference in Islamabad, Pakistan, that was relayed to UN headquarters.

Mr. Cordovez said Moscow was no longer formally linking its withdrawal offer to the formation of a neutral Afghan coalition government that would offer some guarantees to Communist sympathizers left behind. But he insisted that such a political settlement would help in carrying out any peace agreement reached at Geneva.

"Everybody is agreed that a Geneva agreement will be more smoothly implemented if there is a broad government in Kabul," he said.

Officials say the undersecretary-general believes that only the real and convincing prospect of Soviet withdrawal will push the guerrilla groups, which have borne the brunt of the fighting, into supporting a broad-based coalition government that would offer guarantees to former Communist officials.

These officials say Moscow appears to have timed its offer to persuade skeptics before the next round of Geneva talks. Moscow's offer to start pulling back its forces on May 15 is conditional on the three other parties working out a peace agreement by March 15.

**Moscow Aids in Pakistan**

A Soviet first deputy foreign minister, Yuri M. Vorontsov, began talks on Wednesday with Pakistani officials on the Afghan peace process. Reuters reported from Islamabad that the talks were immediately available.

In another part of Islamabad, the seven leaders of the Western-backed rebel alliance spent more than eight hours in talks on a seven-point Afghan government. The seven were discussing the formation of an interim government to take over from Major General Najib and seeking to unify their positions, a spokesman for the Jamiat-Islami Party said.

**Soviets Raising Doubts**

The Soviet press cast doubt Wednesday on whether the United States will help end the insurgency in Afghanistan by halting weapons shipments to Afghan guerrillas. The Associated Press reported from Moscow.

Tass, in a dispatch from Washington, reported the positive reaction of U.S. officials, but expressed doubts whether they would stop arming the Moslem guerrillas.

# U.S. Says Soviets Ease Rights Curbs

**By John M. Goshko**  
*Washington Post Service*

**WASHINGTON** — Although the Soviet Union has "not witnessed the dawn of democracy," Mikhail S. Gorbachev's policies have eased repression and given people slightly improved rights of political and cultural expression, the State Department's top human rights official said Wednesday.

That point was underscored by Assistant Secretary Richard Schifter as he made public the department's annual report to Congress on human rights conditions in 170 countries. Calling the Soviet Union "the leading Leninist state," Mr. Schifter said:

"It is still a one-party dictatorship. The KGB is still an all-powerful organ of repression. But there has been some relaxation in the harshness of repression. Some political and religious prisoners have been released. We know of only very few new incarcerations and commitments to psychiatric institutions for political reasons. There's somewhat greater freedom of expression. But a good deal of repression continues."

The actual report, avoiding a clear-cut judgment, summarized the situation by saying, "The changes were more than cosmetic and less than fundamental. We need to see what 1988 will bring."

He called North Korea, with its attempts to control every aspect of people's lives and thoughts, "the country which remains in first place as the most serious human rights violator in the world."

He described Cuba as "North Korea's political kin" and said it is "among the most repressive states in the world, closely resembling George Orwell's nightmare state as depicted in his novel '1984.'"

He cited "another year of dismal racial repression" by the white-minority government in South Africa. "We are certainly not seeing any rays of hope there within the last year," he said.

He cited improvements in parts of the East European Communist bloc, notably in Poland where "virtually no persons were imprisoned on political grounds," in Hungary and in East Germany.

Regarding Communist countries elsewhere, he said that China underwent some "some regression at the beginning of the year in efforts to repress student unrest and later the harsh measures to suppress unrest in Tibet." But for the bulk of China's population, he said the trend was "greater openness albeit within the framework of a one-party state led by self-selected and self-perpetuating elites."



**FREE TO SING** — Stephan Krawczyk, a dissident songwriter who was released from prison and expelled by East Germany on Feb. 2, giving his first concert in the West in Hannover, West Germany. Mr. Krawczyk and his wife, Freya Klier, a theater producer, have appealed to the authorities in East Germany to allow them to return, saying they did not leave the East willingly.

# Responding to the Call of Glasnost, Estonians Test the Winds of Change

**By Philip Taubman**  
*New York Times Service*

**TALLINN, U.S.S.R.** — Mikhail S. Gorbachev's calls for increased openness and democracy have had the unintended effect of encouraging the Soviet Union's nationalist groups to step out of the shadows and agitate more openly for greater autonomy.

Three weeks ago, for example, 14 citizens of the Estonian Soviet republic signed a handwritten document calling for the creation of the first independent political party in the Soviet Union.

Not a word about the proposal has appeared in the local newspapers or been mentioned on Soviet television or radio, but that has not stopped the news from spreading among Estonians like a brush fire.

It is the latest in a recent series of increasingly bold steps by Estonians that have challenged the basic political and economic connections that bind the small northern European republic to the Soviet Union.

Few Estonians say they believe the proposed political group, the National Independence Party of Estonia, will ever be formed, much less sanctioned by the authorities. The organizers — who include two converts to Buddhism, not a religion widely practiced in the region — seem unlikely candidates to lead a challenge to the supreme power of the Communist Party.

But in an environment where anti-Soviet sentiment runs strong, and the Soviet annexation of Estonia in 1940 remains an open wound, the proposal has stirred nationalist pride and alarmed the authorities.

Except for a 20-year period between the world wars, Estonia has been dominated for centuries by outsiders, including Danes, Swedes and Germans. Of Estonia's population of 1.5 million, 900,000 are native Estonians.

For Mr. Gorbachev, Estonian nationalism, like the centrifugal political and cultural forces in the other non-Russian republics of the Soviet Union, represents a serious long-term problem that seems to defy easy resolution.

Although Soviet political and military control of non-Russian populations is sufficient to smother all but a general revolt, even isolated outbreaks of anti-Soviet protest can have far-reaching ramifications in a country that has more than 100 nationalities and peoples.

During a three-day visit to Tallinn, the Estonian capital, it was clear that anti-Soviet attitudes that have long swirled beneath the surface are breaking more and more into the open. The same thing is happening in the neighboring republics of Latvia and Lithuania, which were forcibly incorporated

into the Soviet Union at the same time as Estonia.

Estonia, like the other two Baltic republics, is more European and more urban than most other republics of the Soviet Union. It often seems like an underdeveloped version of Finland, which lies less than 100 miles (160 kilometers) across the Baltic.

Anti-Soviet hostility in Estonia has long been particularly acute, fueled by bitterness about the annexation and by a constant flow of Western news and information from Finland.

More than in recent years, the Soviet rulers in Estonia seem braced for trouble. A nationalist demonstration on Feb. 2 in a provincial city, was broken up by riot policemen equipped with gas masks and shields, according to several Estonians who said they witnessed the event. They said it was the first such show of force local citizens could remember.

Several signers of the party proposal were detained by the police; others were retracted into the military, and all were warned that they face criminal prosecution if they continue their activities.

The authorities and nationalist groups are preparing for demonstrations on Feb. 24, the 70th anniversary of the day Estonia began its brief period of independence. In Lithuania, independence day demonstrations are planned this week.

For Estonians like Tiit Made, an economist, Mr. Gorbachev's policies have offered an opening for the presentation of ideas that previously would have been suppressed.

Inspired by Mr. Gorbachev's call for decentralizing the economy, Mr. Made joined with three other Estonian intellectuals last fall to propose making the Estonian economy self-sufficient.

This idea, presented in *Fidus*, one of the republic's Estonian-language newspapers, would, in effect, sever the economic connections that have given Moscow control over Estonian industry and agriculture.

In an interview, Mr. Made played down the political implications, saying, "The economic way is the only way to do something for our people."

He added, "The political way is impossible right now."

Despite his comments, Estonians have rallied around the proposal as a veiled symbol of independence, the Estonian word for independence. When Mr. Made was dropped as a weekly television commentator after the article was published, complaints from viewers forced his return, according to Estonian television officials.

Estonian television itself sometimes reflects the more open hostility toward Moscow. Although part of the Soviet television system, Estonian television offers its own news and entertainment programming in Estonian.

In August, after a nationalist demonstration in central Tallinn, an Estonian television anchorman, Urmas Reitelman, was instructed to read on the air a government account that many Estonians felt distorted the news. Mr. Reitelman, in an act of defiance, refused to look at the camera as he spoke.

Even Estonian government officials, speaking privately, criticize the Soviet role.

# High Winds in British Isles Kill 11

**Reuters**

**LONDON** — A storm that pounded Britain and Ireland with 100 mph (160 kph) winds claimed its 11th victim Wednesday, bringing down power lines and tearing roofs from homes.

The Irish police said a woman was killed by a farm gate swung open by the high winds, two men died when trees fell on their cars and an 18-year-old nurse was fatally injured after she was blown into the path of a garbage truck near Dublin.

A 61-year-old man died of a heart attack after being knocked down by the wind in the northern county of Donegal.

Three persons were killed in Devon, southwest England, when trees crashed on their cars and a 77-year-old man was crushed to death by a falling wall near Bristol.

Hurricane-force winds on Tuesday left 80,000 homes without electricity across Ireland. Many roads were flooded and ferry services canceled.

British shipping companies said storms in the English Channel were causing delays of more than an hour in arrivals and departures of ferries at Dover, Britain's main ferry port.

Weathermen warned of blizzards and more high winds across Scotland and northern England as the storms moved over the North Sea toward Norway.

In the Netherlands, the police said one woman was killed and another seriously injured near the West German border when their car was swept into a tree by high winds.

A seaman was swept to his death off the Danish tanker *Rasmine Maersk* about 300 miles from Lands End at the southwest tip of England, where gusts of 104 mph were reported.

Along southern and western coasts, ships raced into harbor to escape huge swells that burst over breakwaters and flooded many coastal roads.

# U.S. Set to Press UN Iran Sanctions

**By Don Oberdorfer**  
*Washington Post Service*

**WASHINGTON** — President Ronald Reagan has said that the United States is ready to press the UN Security Council for sanctions against Iran for its intransigence in the Gulf War, according to administration officials.

Mr. Reagan's remarks came in a meeting Tuesday with the Saudi Arabian foreign minister, Prince Saud al Faisal.

The chief White House spokesman, Martin Fitzwater, said Mr. Reagan assured Prince Saud "that the United States is committed to a major effort this month while we serve as chairman of the Security Council" toward obtaining approval of the sanctions resolution.

Other sources said Mr. Reagan and Secretary of State George P. Shultz have ordered the chief U.S. delegate to the United Nations,

Vernon A. Walters, to move promptly toward a UN vote.

The Soviet Union, like the United States a permanent member of the 15-member Security Council and entitled to veto any moves there, has been delaying a show-down there since September, maintaining that the United Nations should continue negotiations with Tehran before imposing sanctions.

The main sanction being discussed is an arms embargo on Iran.

Saudi and the Saudi ambassador to the United States, Prince Bandar bin Sultan, made their case for Soviet approval of the sanctions in a recent visit to Moscow. Saudi said that he had left Moscow believing that the Soviets were "more amenable" to proceeding with a UN sanctions resolution.

A diplomatic source said informal discussions of such a resolution at the United Nations are likely to speed up before the end of the week, with formal presentation of the measure within several weeks.

Britain is reported to have dropped its objection to mentioning Iran by name in the proposed UN resolution.

Presentation of such a measure in the Security Council would require that Japan and West European nations, which make extensive purchases of Iranian oil, take a potentially uncomfortable position against Tehran.

# 48 U.S. Congressmen Warn Mobutu Over Corruption and Abuses in Zaire

**Washington Post Service**

**WASHINGTON** — Forty-eight House members have written President Mobutu Sese Seko of Zaire telling him they are disturbed by reports of corruption and human rights abuses in his country.

The letter on Friday said reforms were urgently needed and warned that "it is difficult for members of the United States Congress to continue sending U.S. military and economic aid in light of current political conditions."

The issue of rights abuses in Zaire has surfaced in Congress from time to time, but seldom have so many legislators written such a strong warning about the possibility of a cutoff in U.S. aid, which is scheduled to be \$46 million this year for Zaire.

The letter was the result of a demonstration in Kinshasa on Jan. 17 that the police broke up by arresting hundreds of participants, including an opposition leader, Thibisickiwa wa Mulumba. Some reports said the police opened fire, killing three and wounding scores of others.

Mr. Thibisickiwa, who met many U.S. congressmen during a visit to Washington in December, is a leader of the Union for Democracy and Social Progress and had just returned home when he attempted to address a rally.

# Crime Rate Drops in London

**The Associated Press**

**LONDON** — The number of reported crimes in London fell 4 percent last year, to under 738,000, the first decline in four years, the police said Wednesday. Despite the overall drop, reported muggings increased by 13 percent, other robberies by 12 percent and violent assaults by 11 percent.

# Murdani Leaving as Indonesia Army Chief

**Reuters**

**JAKARTA** — General Benny Murdani, effectively the second most powerful figure in Indonesia after President Suharto, said on Wednesday he will step down next month after five years as commander of the Indonesian armed forces.

General Murdani, 55, a former intelligence chief who has overseen the streamlining of the country's 480,000-strong military and police force, said after meeting with President Suharto that he will be succeeded by General Tri Sutrisno.

General Sutrisno, 52, army chief of staff and former commander of the Jakarta garrison, served for four years as President Suharto's side. The change is effective March 7. General Sutrisno's second in command, General Eddy Sudrajat, will take over command of the army, General Murdani said.

The armed forces play a central role in politics in Southeast Asia's largest nation, holding an automatic 100 seats in the 500-member national legislature, with the armed forces commander included in the cabinet.

Many senior cabinet ministers are active or retired military officers, including the president and vice president.

The changes in the top military command precede the expected re-election next month of President Suharto for a fifth term, when a new cabinet will be formed.

It clears the way for General Murdani, a Javanese Catholic, to be given a cabinet role, possibly as defense minister, Western diplomats said.

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Meeting Opens

**Jan. 29: Mexico Announces New Debt-Relief Plan**  
New Debt-Relief Plan

**Jan. 11: Brazil Meets With Creditors in New**  
Brazil Meets With Creditors

**Jan. 21: Panama Seeks Easing of Commercial**  
Panama Seeks Easing of Commercial

**Jan. 23: Brazil Ready for First 1988 Interest**  
Brazil Ready for First 1988 Interest

**Jan. 25: IMF Team Meets Argentine Delegation**  
IMF Team Meets Argentine Delegation

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Commodities Fall

**Andean Strategies**  
Andean Strategies

**Brazilian Trade**  
Brazilian Trade

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Thursday, February 11, 1988

# Latin America: Hopes and Fears

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## TRACKING THE TALKS

### Nov. 27: Latin Summit Meeting Opens

Eight Latin American presidents open a summit meeting in Acapulco, Mexico, calling for limited action to save their devastated economies and societies threatened by social unrest. The eight countries present account for 90 percent of the region's debt. Leaders discussed joint action on the foreign debt, measures to aid economic and political reconstruction in Central America and regional economic integration.

### Dec. 29: Mexico Announces New Debt-Relief Plan

A debt-relief proposal reached between Mexico and J.P. Morgan & Co., commercial banks will be allowed to tender a portion of their outstanding Mexican government loans at a discount in exchange for new, marketable Mexican securities backed by U.S. Treasury zero coupon bonds. The plan would allow Mexico to sell as much as \$20 billion in bonds backed by about \$10 billion in U.S. Treasury securities.

### Jan. 11: Brazil Meets With Creditors in New York

Brazil and its leading creditor banks, headed by Citicorp, begin talks in New York on restructuring the country's \$70 billion medium- and long-term debt. A few days before the talks, a Finance Ministry official said that Brazil would seek a quick agreement with the International Monetary Fund on its \$16 billion foreign debt and has dropped a long-standing demand that private banks first agree to a refinancing package.

### Jan. 21: Panama Seeks Easing of Commercial Debt

Panama begins discussions in New York with commercial creditors to win easier terms for its international bank debt of about \$1.8 billion. Talks began amid growing domestic political uncertainty and a severe fiscal crisis in which the opposition, the private sector and the United States are calling for the departure of General Manuel Antonio Noriega, the Panamanian leader.

### Jan. 22: Brazil Ready to Pay First 1988 Interest

A Finance Ministry official said that Brazil would make an immediate payment of \$240 million toward its 1988 interest on debt to commercial banks. The decision reverses Brazil's earlier reluctance to pay any 1988 interest on its medium- and long-term debt.

### Jan. 25: IMF Team Meets Argentine Delegation

Negotiations begin in Washington between an Argentine delegation headed by the governor of the central bank, José Luis Machinea, and officials of the IMF on the country's need for at least \$2 billion in fresh funds for 1988. Argentina owes \$4.5 billion in interest this year on its \$54 billion foreign debt. One possible source of relief is an investment and finance treaty offered by Prime Minister Felipe González of Spain, promising up to \$3 billion in credits, aid and debt relief over the next four years.

## IN THIS REPORT

### Peace and Recovery 8

Hopes that a peace initiative would help economic recovery in Central America masks the long-term nature of the region's indebted economies. If a peace agreement is reached, a mini-Marshall Plan would be necessary to finance reconstruction.

### Commodities Fall 8

With the price of raw materials declining, Latin America is again bracing for a migration of unskilled rural people into its already swollen cities.

### Andean Strategies 8

From Chile's model of economic liberalism and export-led growth to Peru's break with creditors and the IMF, the Andean countries are steering their economies between satisfying the interests of exporters and industrial concerns that supply the local market.

### Brazilian Trade 9

A law to protect a burgeoning market for small computers and accessories has favored the emergence of an industry with estimated revenues of \$1.5 billion. But it has also caused an escalating trade conflict with the United States.

## IMF Weighs Idea of Debt Forgiveness

It is the first time Washington has backed a plan to reduce total debt.

By Clyde H. Farnsworth

WASHINGTON — After nearly six years, the Latin American debt crisis by most accounts has worsened, prompting efforts of financial leaders to redesign their strategy. The new strategy recognizes for the first time that some of the loans will never be repaid.

The idea of debt forgiveness came out of the closet in late December when Mexico, J.P. Morgan & Co. and the U.S. Treasury structured an unusual transaction allowing banks to tender Mexican government bonds at a discount in exchange for new Mexican bonds guaranteed by the United States.

Although the success of the proposal cannot be gauged until Feb. 19 when banks submit their bids in Mexico City, it represents the first time that Washington has backed a plan to reduce total debt — as opposed to traditional rescheduling that piles debt ever higher.

Now the International Monetary Fund is considering playing a major role in the process, broadening the concept so that it can be applied to the case of Brazil, Argentina, Venezuela and other countries.

The earlier strategy had been based on expectations that debtors would again become creditworthy through market-oriented domestic policy adjustments, greater assistance from the World Bank and the International Monetary Fund and continued global economic growth spurred by expansion in the United States.

It almost worked. Economic activity did surge in the United States, and policy adjustments were being made. But because of their crushing debt burden, income slumped in Latin American countries, where interest payments were taking 50 cents and more of every export dollar.

In per capita terms, income in Latin America fell by one-seventh between 1980 and 1987, according to a recent World Bank study.

One result: unsustainably large, politically sensitive trade deficits in the United States, which were a threat to American prosperity.

Absorbing the world's exports, the United States had been a global economic locomotive. But to redress its own deficit, the United States had to export.

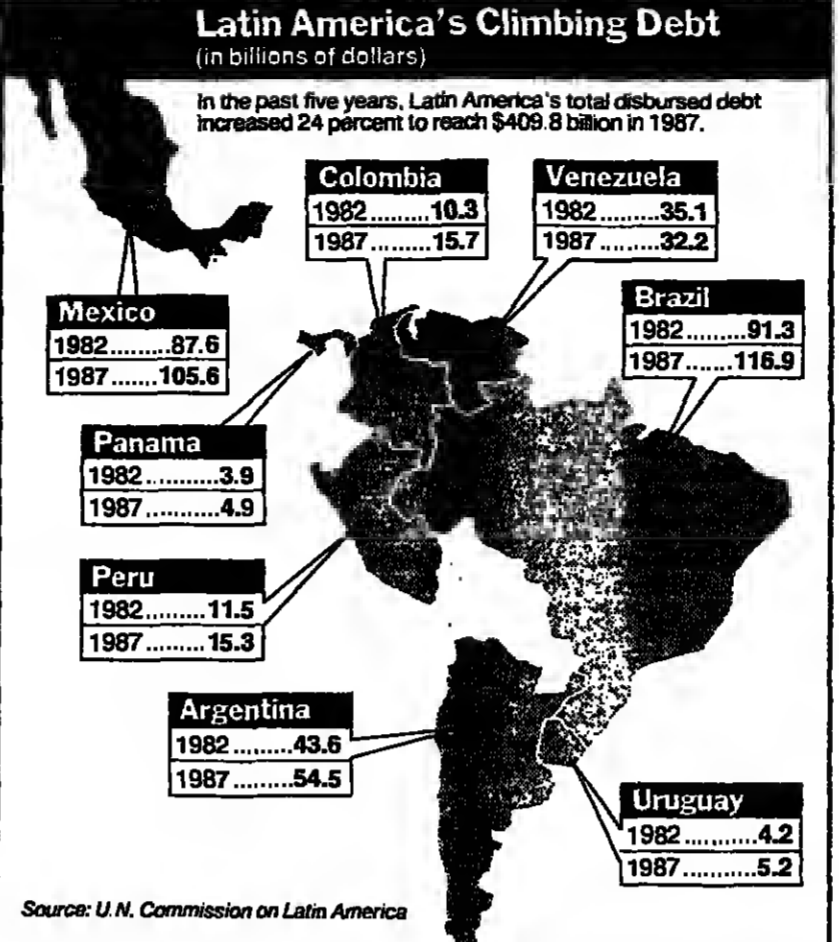
## VIEWPOINT

expectation of a return of voluntary lending as a reward for difficult, albeit inevitable, adjustments in overindebtedness.

A favorable world economic and adjustment program was expected to contribute to reduced debt ratios and improved creditworthiness, thus setting the stage for renewed lending.

The experience since 1982 has been disappointing in all respects:

• Creditworthiness has been deteriorating and debt ratios today are higher than in 1982.



With such income compression in Latin America, one of the main markets for American exporters, there was little chance of significant improvement in U.S. exports.

While exports by the United States to most other areas of the world are rising, shipments to Latin America have tumbled, falling by 26 percent in 1986, to \$31.1 billion, from \$42.1 billion in 1981. From 1981 to 1986, imports of the four largest debtors — Brazil, Mexico, Argentina and Venezuela — fell by one-third to one-half.

The ingenuity of the Caterpillar Tractor Company, a big exporting company, based in Peoria, Illinois, shows what it sometimes has taken to sell to Latin America because of the generalized contraction of business.

In 1985, Venezuela wanted to buy from Caterpillar a fleet of construction vehicles called wheel loaders. Because the country's debt burden was forcing it to curtail imports, Caterpillar was asked to take Venezuelan iron ore in payment.

Caterpillar agreed, then found a buyer for the ore in Romania, but for payment it had to accept meat's suits, which it eventually sold in London for dollars.

"Better to have gone through all that than to have lost a sale," said William F. Canis, Caterpillar's Washington manager for government affairs.

Some analysts take the view that growth will not resume in the debtor countries until they are again on the receiving end of world resources. Largely because of interest payments on \$1 trillion of Third World debt, the flow of resources in recent years has gone

## Economy: The Last Decade

# Brazil and Mexico Lead the Search for New Debt Strategy

By William A. Orme Jr.

BRASILIA — The social strains and economic suffering caused by Latin America's financial crisis seem oddly absent from this calm, planned capital city. But as the region's biggest debtor, with \$116 billion now owed to foreign creditors, Brazil has had a unique if unenviable view of what Latin American economists are calling the last decade of the 1980s.

Latin American officials began worrying a few years ago that unchecked stagflation and constant capital outflows would erase the economic gains of the dynamic 1970s. Those concerns were not misplaced. Since 1980, according to the United Nations Economic Commission on Latin America and the Caribbean, the region's per capita income has dropped 5.5 percent.

In 1987, Latin America's per capita income expanded, but just barely; it increased a scant 0.5 percent, the UN agency estimated. Economists expect similarly flat growth this year.

Accompanying this economic downturn has been a drastic contraction in trade. Imports, which economists consider essential to Latin America's industrial development, reached \$65.5 billion in 1987, their highest level in five years. Yet, as recently as 1981, the region imported \$97.8 billion.

Despite record-setting sales of manufactures from Brazil and Mexico in recent years, Latin America's export income fell from \$95.9 billion in 1981 to \$88.3 billion in 1987. This decline was due largely to world price drops in the major commodities — oil, coffee and other food and mineral products — on which the region still largely depends.

Only two things have grown consistently in the 1980s: population and debt. There are now 416 million people in Latin America and the Caribbean, up from 366 million seven years ago. The foreign debt increase has been even more explosive, rising from \$288 billion in 1981 to \$410 billion at the end of 1987.

Any long-term solution to the debt crisis, most bankers and finance officials concur, will probably evolve from negotiations with Brazil and Mexico. Latin America's two largest countries together hold half the region's debt and have been in the vanguard of new rescheduling strategies.

Brazil and Mexico have been alternately lauded and disparaged by creditors for their economic policies. Two years ago, when Brazil had a strong foreign reserves situation and what looked like a promising anti-inflation program, Mexico was reeling from low oil prices, a recent earthquake and election-season overspending.

Brazil was criticized for challenging foreign banks at a time when its foreign reserves were dwindling and its fiscal policies were in disarray. "The weaker the Brazilians got, the louder they screamed," said an official at a multilateral development bank.

But former Finance Minister Luiz Carlos

Continued on page 9

Accompanying the economic downturn has been a drastic contraction in trade.

creditors convert outstanding loans at a discount into long-term Brazilian bonds. Brazil escaped the drastic reprisals some observers expected. But it suffered a setback in short-term trade credits and missed a chance to lower bank profit margins through negotiations, critics said.

Brazil is now edging out of the moratorium, sending \$350 million to private banks in partial payment for the \$1 billion it owes in interest in 1988 to date. The government is also heading toward a rapprochement with the IMF, with a delegation from the fund scheduled to meet with authorities in Brasilia this month to sketch out an economic recovery plan — an indication of a regional trend toward greater cooperation with the IMF, some bankers suggest.

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But former Finance Minister Luiz Carlos

Continued on page 9



Michel Camdessus

from the Third World to the developed countries.

The new strategy responds to this concern not only by seeking to reduce the total amount of debt, which should help countries attract more capital, but also by increasing access of

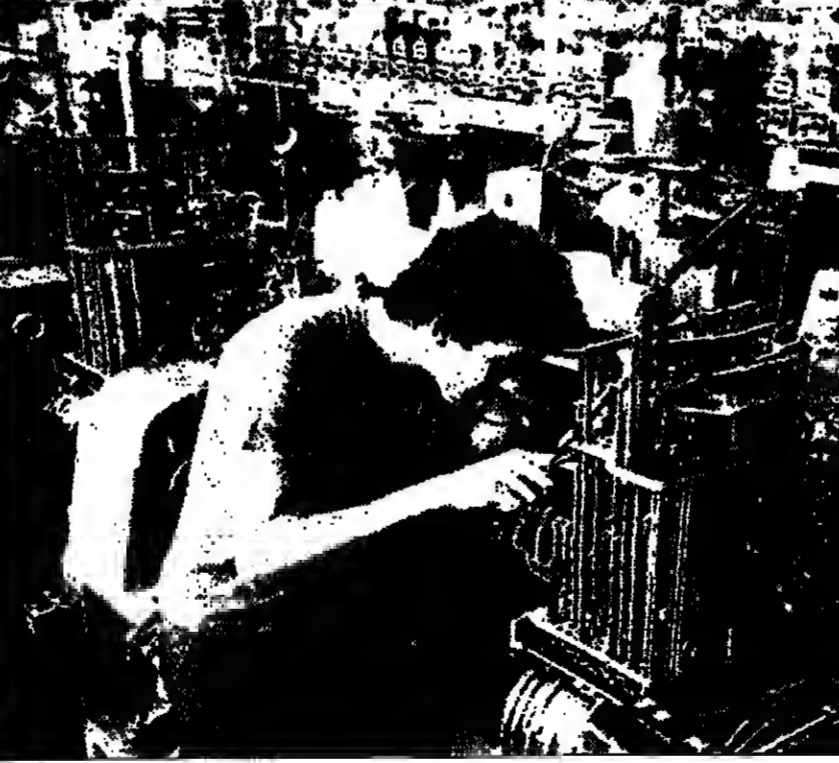
Continued on page 9

# Strategies for Overcoming the Deadlock on Debt

By Rudiger Dornbusch

CAMBRIDGE, Massachusetts — The accustomed way of handling the debt problem — muddling through — has come to an end. The political reality of extreme costs and no success in debtor countries is one reason, world trade problems are another. Perhaps an election year is the right time to identify strategies to overcome the current deadlock.

The 1982 muddling-through strategy was based on three assumptions: a sharply improved world economic environment, a greater ease of debt service as a result of adjustment programs in debtor countries and the



Textile worker in São Paulo: Trade and debt are inextricably linked.

The new democracies, just as the Weimar Republic of the 1920s, were not equipped to meet social demands and external debt service at the same time. It is telling that only Chile could point to a satisfactory record in terms of growth and inflation. Latin America's per capita income is far below the level of 1980.

Only Brazil shows growth, although the inflationary mess and disarray will still extract a price in the years to come.

Even though world conditions did not favor servicing debt, Latin America did pay about half of the interest due. The trade surpluses came from sharply increased export volume (32 percent above the 1980 level) and a deep cut in imports. Import spending of Latin debtors had declined more than 25 percent. For creditor countries, the trade implications of adjustment in debtor countries are had news, especially for the United States, where an improvement in trade is hampered by debtors' need to transfer resources to the creditor countries.

The least satisfactory, and the most likely, is extended moratoriums of the kind that Brazil has been practicing. In the late 1930s, these moratoriums lasted 10 years or more. They are unsatisfactory because the uncertainty generated for debtors and creditors alike is a negative sum, an expensive game.

Another solution is debt relief on principal. Possible schemes are buy-backs, such as the Mexican and the aborted Brazilian exchange offers, or a Keren fund that buys debts from banks at a discount and renegotiates debt reduction with the debtors.

Straight buy-backs by debtors in the secondary market are another possibility. But resources (and leadership) are not plentiful and hence any new debt instrument is not much better than the old, except when explicit seniority clauses can be introduced. But explicit seniority will not be easily sacrificed by existing creditors, and guarantees from taxpayers in industrial countries are hard to come by.

A third solution is interest relief, either by

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RUDIGER DORNBUSCH is a Ford International professor of economics at the Massachusetts Institute of Technology.



# Chile, a Free Trade Advocate, Lowers Tariffs and Moves to Privatize

### Chile remains the flagship of the 'open economy' in Latin America.

By John Crabtree

**O**XFORD, England — Who wants to be like Peru and Argentina? Not Chile, argues President Augusto Pinochet's publicity machine, as the general seeks to get himself elected for another eight years. No one, General Pinochet believes, should doubt for a moment the lasting benefits that economic liberalism has brought.

To drive home the point, the Chilean military junta recently agreed to lower protective tariffs, while pressing ahead with a number of important schemes to privatize state companies and boost levels of foreign investment.

Chile, indeed, remains the flagship of the "open economy" in Latin America, a challenge to the view common in the 1960s and early 1970s that countries in Latin America are better off developing their own, nationally owned industrial base.

Since the time of the 1973 coup, General Pinochet has tried to prove the opposite: that growth should be export-led, that foreign investment should be encouraged and that domestic producers should be exposed to the rigors of foreign competition.

In practice, Chile's free trade policy has never been wholly a matter of dogma. The government resorted to higher tariffs when it wanted to cut imports in 1982. Now, with high copper prices producing an unexpected surge, the government feels able to which tariffs down. In December, it cut the average tariff from 20 percent to 15 percent.

This was also a political move: a drop in the price of imported goods would go down well among the middle class, which General Pinochet hopes to attract to his campaign to win the presidential plebiscite that will probably be held in September. Duties on imported cars, televisions, videos and other electrodomestic items came down 30 percent.

The Pinochet government has also made some strides toward privatization and attracting foreign investment. The government has disposed of companies it owns in a number of key areas, including banking, public utilities, mining, steel, communications and forestry. One of the vehicles for privatization has been debt-equity swaps, under which Chilean and foreign interests can buy government debt at a discount and use it for investment purposes.

The Chilean position stands in stark contrast to that of Peru, where the shortcomings of President Fernando Belaunde Terry's experiment in economic liberalization contributed to a backlash under Alan Garcia Pérez, who succeeded him in 1985. Mr. Garcia chose to break with creditors and the International Monetary Fund, and shake free of the "liberal" policy recommendations of the World Bank.

The Peruvian model involved improving real incomes and raising the price of exports, and so growth. The problem was that increased demand led to a surge of imports, just when world prices of most of Peru's exports were very depressed.

So, with a growing trade deficit and falling reserves since mid-1986, the government was forced to rein in imports. It did so not by tariffs, but through imposing quotas and physical restrictions. In March and in December last year, an increasing number of articles were shifted onto the prohibited list or onto a list on which prior official permission had to be granted, which often meant much the same thing.

The Garcia government has frequently said that it has nothing against foreign investors. Its actions, though, have frequently made investors edgy. Mr. Garcia, aware that economic nationalism can boost his popularity, has played this card on several occasions. In December 1985, he nationalized the U.S.-owned oil company, Belco, for supposed tax evasion. At the beginning of this year, he ordered a takeover of the Nestlé subsidiary in Peru, which he alleged had been hoarding milk for speculative purposes.

Up to July 1987, the government cultivated good relations with those business groups primarily involved with supplying the booming local market. Business confidence was shattered, though, when — unexpectedly — Mr. Garcia ordered the nationalization of the private banking industry.

If Chile and Peru represent different ends of the spectrum, Colombia falls in between. Traditionally, Colombian governments, whether Conservative or Liberal, have maintained a balance between satisfying the interests of exporters and industrial concerns that supply the local market.

The boom in coffee prices in 1986 led the outgoing government of President Betancur to take steps to liberalize imports. Items on the prohibited list were transferred to the category of goods which require prior permission, and many goods in this latter group were left with no restrictions.

Though the World Bank has been pushing Colombia to further relax import controls as a condition for large loans, the administration of

President Virgilio Barco Vargas has refused to comply. Quantitative controls are much more significant in Colombia than tariffs. The main trade regulator will probably continue to be the exchange rate. The practice of daily small mini-devaluations has a long track record, with official policy to maintain parity between the Colombian peso and the dollar.

However, given the good prospects for substantially higher exports through selling more oil and coal, some further liberalization is possible. Colombia has tended to be more successful than Peru in imposing a degree of central government control over what public companies import.

Meanwhile, Ecuador and Bolivia, like Chile, have in recent years had governments committed to building export-led economies.

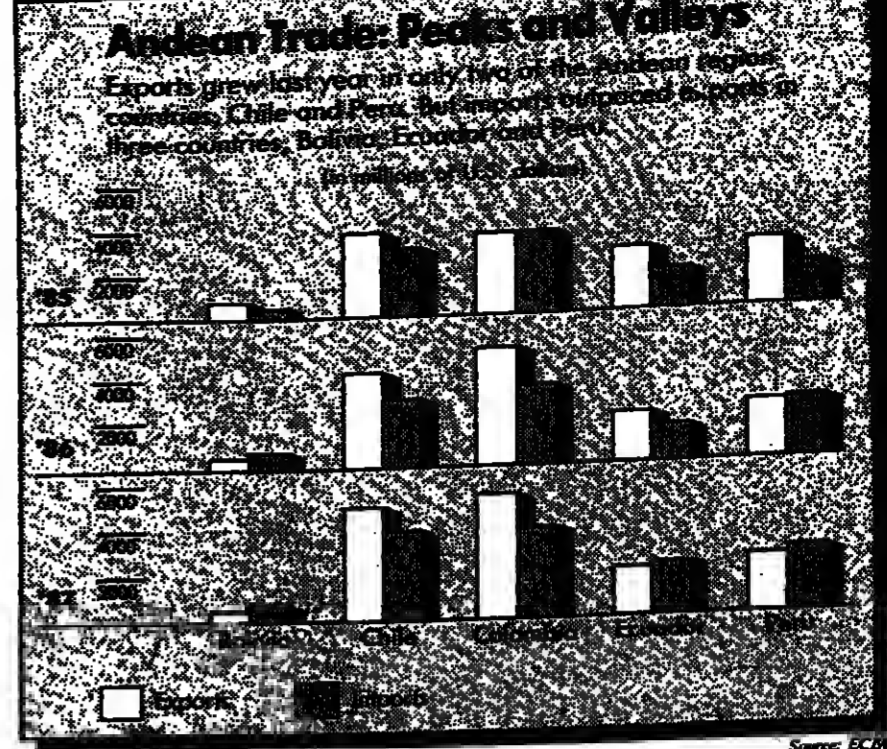
Elections this year in Ecuador are likely to lead to a government with less liberal economic policies than those of the outgoing administration of León Febres Cordero, who has been a strong advocate of the open economy.

He has tried to promote exports and reduce the level of protection enjoyed by local industry. In August 1986 most import prohibitions were removed. Foreign exchange shortages in 1987, however, led to the Central Bank delaying on the supply of dollars to importers. This was because of earthquakes in March which destroyed parts of the pipeline carrying the country's main export, crude oil.

Mr. Febres Cordero's attempts to attract foreign investment have not borne much fruit, at least outside the oil industry.

In Bolivia, recent local election reverses seem unlikely to force Victor Paz Estenssoro to abandon his economic liberalization strategy. Supported by the IMF, President Paz introduced emergency measures in 1985 that were geared to bring hyperinflation under control and to get foreign loans flowing.

These involved the liquidation of a number



Source: ECLA

1987, there was a sharp increase in imports, while export income failed to detain the declining foreign exchange yield of Bolivia's main exports: tin and natural gas.

**JOHN CRABTREE is the Latin America editor at Oxford Analytica Daily Brief.**

# Curse of Commodities Still Shadows Region

By H.J. Maidenberg

**N**EW YORK — Not many years ago, a foreign banker suggested to a Peruvian government aide that by arresting his country's declining sugar output, exports could be increased and rural unemployment reduced.

After thanking the banker for his suggestion, the official turned to a visiting journalist and said: "I hope my children live to see the day when the only cane grown here is found in botanical gardens."

The official's aside summed up the curse and blessing that nature has laid on Latin America. For despite the region's rapid industrialization in recent years, its largely impoverished people are still captive to its agricultural and mineral wealth.

When commodity prices rise, as they did last year, the result is inflation and reduced buying power for the average person. Now that raw materials prices are in broad retreat, Latin American countries are again bracing for inflows of unskilled rural people into their already swollen cities and, ironically, more inflation as governments strive to keep urban consumers pacified by increasing subsidies on food and other staples.

Nor has the fact that one-crop economies are now a thing of the past in Latin America eased the region's chronic problems.

Brazil is a prime example. Brazil may still be the world's largest coffee producer, but the commodity now accounts for less than 20 percent of its export earnings, greatly exceeded by such sophisticated industrial products as electronics, aircraft and a broad array of military hardware.

But as a result of Brazil's strides to industrialize and diversify its economy, it now faces mounting barriers to its nontraditional goods in foreign markets. Indeed, Brazil's foreign creditors view its new industrial might as some day exceeding that of its present Asian competitors. At the same time, foreign bankers keep pressing Brazil and other heavily indebted Latin nations to pay up.

Before World War I, most Latin American economies were uncomlicated. The cities were mostly small towns, and most people were either semi-serfs on large plantations or subsistence farmers on small plots of land.

What imported goods were required to satisfy the region's tiny moneyed classes were easily covered by exports of such cash crops as coffee, cocoa, sugar, copper and cotton. Taxes were low because social services were largely nonexistent. There was a vast gulf between the mainly foreign or foreign-oriented educated class and the average "native," who considered himself under foreign occupation.

The gulf still exists. Until a few years ago, the Quechua language spoken by the majority of Peruvians was not recognized legally or permitted to be used in schools.

World War I cut off or sharply reduced imported goods, which resulted in Latin America's first step toward industrialization. But after the war, time clocks made in Argentina were one of that country's few industrial exports. The fact that Argentina was then populated almost entirely by Europeans, many of whom brought a multitude of industrial skills with them, did not change that country's basic economy, which was dependent on the exports of agricultural products.

It was World War II, in which many foreign imports were again cut off, that made overseas multinational companies realize that the region's endemic inflation could prove hugely profitable. By borrowing money locally, these companies could build factories cheaply and pay off the loans with cheaper pesos and cruzeiros devalued by inflation. This system was also profitable because growing urbanization was creating increasing numbers of consumers.

But more foreign exchange was needed to cover the repatriation of multinational profits, imports of consumer goods as well as the flight of capital by nationals concerned by the region's instability.

To raise this foreign exchange, the region was forced to increase the production of exportable cash crops, even if this meant raising imports of basic foodstuffs. And output of cash crops was increased dramatically, in large part with the technical and financial aid of industrialized countries, which benefited from the resultant supply of low-cost sugar, cocoa, copper, cotton, coffee and other cash crops.

The foreign agricultural aid also helped mechanize much of the area's farmland and extractive industries. While this was inevitable, it served to drive more people into the swollen cities, most of which today lack basic infrastructure and social services.

While commodity production costs keep falling, so do prices of all the region's cash crops. If adjusted for inflation, the prices of all cash crops today are below those of a few decades ago, despite the occasional price rises



Harvesting coffee beans on a Central American plantation.

caused by crop failures. But the cost of both domestic and foreign industrial goods keeps rising in spite of technological advances in manufacturing.

Thus far, the only steps taken by the most heavily indebted Latin American countries have consisted of struggling to delay or restructure their debts. While most creditors now concede that these debts will never be paid off, this is of small comfort to the indebted countries because it has greatly reduced inflows of capital needed for development.

Worse, the drying up of foreign investments and loans comes at a time when capital flight from the area shows no sign of abating. Exporters are still underinvoicing exports and overinvoicing imports, one of the area's traditional methods of moving foreign exchange to perceived safe havens.

This practice also makes export-import figures guesses at best. But it does help keep commodity prices down because foreign importers can usually get "bargains" by helping exporters squirrel part of the proceeds of their sales into perceived safe havens rather than bring the needed funds home.

H.J. MAIDENBERG is a financial reporter on the staff of The New York Times.

# For Central America, Even Peace Unlikely To Bring Prosperity

By Duncan Green

**L**ONDON — The Central American peace initiative has fueled hopes that an end to the fighting will usher in an economic boom. However, although peace would afford some short-term relief to the region's hard-pressed economies, a plethora of longer-term problems remain.

The statistics make grim reading: Regional per capita income has dropped to its lowest point in 15 years. Last year the slump in coffee prices and costly oil imports inflated trade deficits across the isthmus. Regional debt now stands at \$18 billion with no end in sight for austerity programs and hard currency shortages.

The Nicaraguan economy is a war-torn shambles with four-figure inflation and imports four times greater than exports. El Salvador is being kept afloat by U.S. aid, estimated at \$730 million in 1987, making the country the third largest recipient of U.S. aid after Egypt and Israel. Unrest in Panama is leading to capital flight on a grand scale.

For foreign companies exporting to the region, the chief obstacle is access to hard currency.

"There are dollar shortages everywhere," said Peter Maplestone of the British Export Credits Guarantee Department (ECGD). "In El Salvador and Nicaragua transfer delays last years."

In Costa Rica during 1987 an \$80 million backlog built up in applications for dollars for imports, which led to delays of two months compared with the normal wait of 15 days. This year \$450 million of economic stabilization bonds issued during 1983-84 in lieu of dollar payments began to fall due in Guatemala. Sources in the central bank say they are unlikely to be paid.

For Costa Rica and Panama and demands confirmed letters of credit for the other Central American countries.

According to Mr. Maplestone, a peace agreement will do little to change things. "You won't see companies queuing up to trade the week after a peace agreement, it will take years of peace and stability to make a difference," he said.

A peace agreement would ease some of the tensions between neighboring countries that have helped to cripple the Central American Common Market and to reduce intra-regional trade from a peak of \$1.1 billion in 1980 to just \$420 million in 1986.

However, the main cause of decline and the barrier to any future trade revival is the dollar shortage, which led to an accumulation of unpaid debts that amounted to \$700 million by the end of 1987. Costa Rica and Guatemala are owed the lion's share of outstanding bills.

In 1986 a new payment mechanism, the Central American Importation Right, or DICA from its Spanish acronym, was introduced to try to overcome the problems created by the dollar shortage.

The DICA is similar to the International Monetary Fund's Special Drawing Right. Importers buy DICAs from their central bank in local currency and pay the exporter with them. The exporter then cashes them in at its own central bank for local currency. Although the arrangement neatly circumvents the need for dollars, it has faced difficulties over disputed exchange rates and the backlog of unpaid debts.

"So far, DICAs have been marginal," said Carlos Solórzano, an economist with the Central American Monetary Council. "But now things are starting to move."

As evidence he cited a slight increase in Common Market trade last year to \$450 million, a trade agreement (involving payment in DICAs) between Guatemala and Nicaragua, and Costa Rica's acceptance of Guatemala's offer to pay off part of its \$45 million debt with goods instead of currency. To date only El Salvador and Guatemala are trading with the certificates while Costa Rica has become bogged down in internal legal reforms needed before it can issue DICAs.

The region remains heavily dependent on commodities: Coffee and bananas accounted for over 50 percent of regional exports in 1986. Wildly fluctuating world prices for cotton and coffee, and cutbacks in the U.S. sugar quota have encouraged all the Central American countries to diversify exports.

When the Caribbean Basin Initiative was

inaugurated in 1984, many Central American producers hoped it would open up the U.S. market to the whole range of nontraditional exports. The CBI sought to bring prosperity to Central American and Caribbean countries by removing U.S. duties on their exports. However, many of the best-placed sectors, such as textiles, shoes and leather goods, were excluded from the CBI after fierce lobbying from domestic producers.

Textiles make grim reading: Regional per capita income has dropped to its lowest point in 15 years. Last year the slump in coffee prices and costly oil imports inflated trade deficits across the isthmus. Regional debt now stands at \$18 billion with no end in sight for austerity programs and hard currency shortages.

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When the Caribbean Basin Initiative was

'It will take years of peace and stability to make a difference.'

# Venezuela Pushes Vigorous Investment Plan

Special to the IHT

**C**ARACAS — A dramatic decline in Venezuela's vital oil revenues in 1986, plus a series of jolting currency devaluations that began five years ago, forced Venezuela to assume the most active role in international trade and investment in its history.

Since the end of 1985, the administration of President Jaime Lusinchi, which will remain in office until February 1989, has brushed aside old political taboos about government investments outside Venezuela and has launched important new programs in offshore acquisitions for the oil and aluminum industries.

The government has also moved to diversify trade patterns away from its traditional partner, the United States, and has strengthened trade links with Western Europe and Japan.

On the domestic side, the government and some private investors are moving beyond standard import substitution programs and are paving the way for Venezuela to aggressively exploit future export markets through large investments in petroleum, petrochemicals, aluminum, coal and gold mining and other areas.

And after years of indifference toward foreign investment, the Lusinchi government approved a major liberalization of its foreign investment code in 1986 and is now promoting a series of joint ventures here with overseas partners.

Last year, direct foreign investment in Venezuela increased by 36 percent, or \$477 million, to reach \$1.79 billion, according to the Superintendency of Foreign Investment. However, most of the increase was due to reinvestment of retained earnings by international companies already working in Venezuela.

The most important initiatives taken thus far in international trade and investment are:

- The petroleum sector. Action has been taken on two broad fronts — major investments in foreign oil companies and new out-



Jaime Lusinchi

lays at home designed to strengthen Venezuela's petroleum and petrochemical export package.

The most dramatic move, and one delayed for several years, was the oil industry's initiation of a bold investment program to downstream activities offshore, called "internationalization."

Thus far, Petrolera SA (PDVSA) has invested more than \$400 million to acquire 50 percent interests in important oil refining and distribution systems in the United States (Citgo Petroleum Corp. and Champlin Corp.) and in Germany (Ruhrgas AG and Shell AG).

The national oil company is studying other investment possibilities and plans to secure placement of around 700,000 barrels per day of Venezuelan crude and refined products through foreign partnerships, or almost half of projected oil export volume.

The oil and petrochemical industries plan total investments of around \$11 billion from 1988-1993 with large outlays going to new export areas such as Carbozulia, a large coal mine in the western state of Zulia, petrochemicals and research work on a mixture of water and heavy crude oil that Venezuela will sell at a price competing with coal.

- Aluminum. Executives of the state-owned aluminum industry, made up of Venalum and Alcaesa, which produce primary aluminum and products; Interalumina, which produces alumina, and Bauvinox, a bauxite

mine, plan to convert Venezuela into a world-class aluminum producer and exporter by the end of the century.

Over the next few years, Venezuela's aluminum industry will be fully integrated, producing bauxite ore, alumina, primary aluminum (ingots) and a variety of products at costs that are now the world's lowest.

The government plans to invest about \$2.6 billion for expansion and improvements at the state-owned smelters (Venalum and Alcaesa) and at Interalumina, new product capacity at Alcaesa, large-scale production of bauxite ore by Bauvinox and other projects, including a joint aluminum smelting venture between Alcaesa and Venezuelan investors.

The Venezuelan aluminum industry also launched its own overseas investment program in 1986, when Alcaesa paid \$15 million for a half-interest in Aleurope, an aluminum extrusion and foil maker in Belgium. (Reynolds International, a minority partner in Alcaesa, holds the other 50 percent of stock in Aleurope).

Both Alcaesa and Venalum are hunting for new investment targets among aluminum product companies in the United States and Europe.

• Diversifying trade patterns. Growing protectionist sentiment in the United States and recent difficulties in obtaining new foreign loans from American financial institutions and a desire to rely less on the United States are the prime motives propelling the Lusinchi government to search for new export and import markets in Europe, Latin America, the Caribbean and even the Far East.

Important new purchases for the aluminum sector, for example, will go to Europe because Venezuelans have found the right combination of technology and project financing, i.e., export credits. Sidor, the state-owned steelmaker, has seen its plans to export to the United States

severely restricted by quotas and has found new export markets in the Far East, the Soviet Union, Latin America and the Caribbean.

Although U.S. protectionism has angered some government officials, it will be years before diversification efforts will make a major dent in trade with the United States. But over the last year, the government has obtained important project finance loans from Western Europe and Japan covering new equipment for a hydroelectric plant and expansion of the aluminum and steel industries.

**M**OST OF last year's total of \$865 million in project financing came from Europe and Japan. The U.S. Export-Import Bank, traditionally a major supplier of funds to Venezuela, lent the country \$268 million in fiscal year 1987 (less than Japan), and only \$7.5 million the previous year.

In addition, the government is working actively to set up countertrade deals wherever possible to obtain new equipment and machinery in exchange for iron ore, steel and aluminum. Several deals have already been worked out with countries in the East bloc in which iron ore has been bartered for construction and farm equipment.

Venezuela still has a long way to go before nontraditional exports gain a major share of total export revenues, especially in terms of private sector exports. In fact, until the private sector begins working actively in nontraditional exports, Venezuela's export economy will remain dependent on government enterprises.

Most businessmen agree that large increases in nontraditional exports will not be achieved until the private sector sees a clear set of medium and long-term government economic policies, better-defined notions on government foreign exchange policy and reduced bureaucracy for exporters and business in general.

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# Technology Dispute Highlights Tension Over Protectionism

By Mac Margolis

**RIO DE JANEIRO** — In the last three years, Brazil, South America's most dynamic economy, has edged toward a full-fledged trade war with the United States, its biggest trading partner.

The centerpiece of the dispute is Brazil's fiercely protective policy on microcomputers. Brazil says this so-called informatics policy is vital for development and even for national security. The policy, which was adopted in 1976 and became law in 1984, reserves the burgeoning market for small computers and accessories to Brazilian companies until 1992. (Foreign companies are free to build and sell large, mainframe computers.)

As spelled out under the General Agreement on Tariffs and Trade, the informatics policy has spawned about 300 local computer companies, which manufacture about 600,000 computers and make \$1.5 billion in revenues a year.

Without the nurturing environment of the informatics law, so the argument goes, these companies would almost certainly be crushed by the high-tech giants, such as International Business Machines and Apple.

The U.S. government, however, considers the policy unfair. While Brazilians are forced to buy local products at two to three times the international price for cost-effective foreign machines on the black market, U.S. companies allege they have forgone millions of dollars in lost sales opportunities.

In addition, the lag of local research and capability — Brazil has no microchip industry — and scarcity of financing has encouraged piracy of foreign goods. Apple Computers, in a bitter lawsuit, has charged the Brazilian company Unifon with filching the technology for its Mac-12 personal computer.

Three years ago, the United States threatened retaliatory sanctions, invoking Section 301 of the U.S. Trade Act. But each time a sanctions deadline approached, intensive shuttle diplomacy between Washington and Brasilia resulted in compromises.

However, late last year, the White House announced that it would retaliate by doubling duties on a number of Brazilian exports. The move was sparked by a decision by the Special Secretariat for Informatics (SEI) to veto local sale of the American company Microsoft's MDOS 3.3 software. The sanctions would cost Brazil \$105 million, exactly the sum that Microsoft calculated it would lose to the government's ban.

Again, diplomats met in emergency sessions. President José Sarney called an extraordinary meeting of the National Council on Informatics, which voted to reverse the decision by the SEI and allow sale of Microsoft's advanced software. Again, the sanctions have been delayed, but not scrapped.

The United States voiced muffled approval. "It's a small step in the right direction," said an American diplomat in Rio de Janeiro.

Brazilians were divided. "The U.S. has won," said Edison Fregni of Scopus Tecnologia. "This decision will paralyze investment in informatics."

However, many exporters applauded the decision. They faced crippling duties on their goods in the U.S. market and argued that the costs should be borne by the informatics proponents. Many Brazilian manufacturers also protested that they, too, were victims of the informatics law, which deprives them of state-of-the-art technology at competitive cost.

UNLIKE MOST Third World nations, Brazil sells two to three times as many manufactured goods as raw materials. The state aircraft company, Embraer, sells its Bandeirante passenger plane to Atlanta Air and the Tucano military trainer craft to the Royal Air Force and Egypt. Shoes made in São Paulo and Rio Grande do Sul are sold in the United States and Europe. Brazil is the largest producer of orange juice concentrate, with clients from Miami to Moscow. Libya and Saudi Arabia have come to Brazilian weapons makers for armored cars and missiles. Brazil has also become the world's fifth steel producer.

Increasingly, the special patron-client relationship has given way to something far more complex and troubling. The dispute over computers is a symbol of a larger problem. Trade disputes have escalated as Brazil has grown larger and projected itself more into world markets. The new relationship has pitted it against the globe's most powerful economies. It has also pushed Brazil up against its own contradictions.

In the argot of the World Bank, Brazil is now a graduate country, or a middle-income nation, according to the Inter-American Development Bank. But the labels belie a troubling reality. Brazil has all the privileges of the richest nations and all the misfortunes of the most indigent.

"We are dealing with a number of contradictions," said the general secretary of foreign relations, Paulo Tarso Felcha e Lima. "We are a developed country, and we are filled with poverty. We are dealing simultaneously with yellow fever and informatics."

This dual status has angered free traders, who charge that, while Brazil, the eighth largest world economy, petitions for access to industrial markets as a full-dress trade contender, it raises the Third World mask to protect its goods at home from foreign competition by substitution of imports by local goods, argued a senior Brazilian diplomat. "The model served well, but maybe it is exhausted now."

Many say the new model will be one based on acquisition of technology, and technology will in turn rewrite the rules of trade.



Heliodinamica makes silicon wafers for solar cells near São Paulo.

By William A. Orme Jr.

# As Economy Falters, Brazil Cools to Multinationals

By William A. Orme Jr.

**SÃO PAULO** — For years, international investors praised Brazil as one of the few big developing nations that was openly receptive to outside capital. But now that its economy is faltering and its need for foreign money and technology is arguably greater, sentiment against multinational corporations is on the rise.

"I think the climate has changed," said George F. Clegg, president of Monsanto do Brasil. "Foreign capital has become something of a whipping boy. It has become good politics to talk about foreign investment as something that is bad for Brazil."

This wariness seems mutual. Many foreign businessmen say they are closely watching the drafting of Brazil's new constitution and the promised liberalization of debt-for-equity swap regulations before making long-term investment commitments.

There was little apparent hostility toward foreign investment during Brazil's boom years. Mr. Clegg said, noting that this was in part because such opposition might not have been voiced during military rule. Foreign investment soared in the 1970s to more than 10 percent of gross domestic product and now totals some \$29 billion, of which about 30 percent originated in the United States, 13 percent in West Germany and 10 percent each in Switzerland and Japan. Automotive and pharmaceutical companies expanded their Brazilian operations in the 1980s to make the country an important export base, but major new investments have been few.

As evidence of Brazil's changing attitude, foreign executives point to its proposed constitutional restrictions on foreign investment in mining and other industries, its ban on non-Brazilian capital and technology from the microcomputer industry, and what they consider the increasingly harsh treatment of foreign investment by the national press. Aside from its identification in some eyes with past military regimes, outside investors have been hurt politically by alleged environmental abuses related to foreign-financed Amazon forestry and mining development.

Big foreign firms have also been portrayed as defying Brazilian authorities in areas ranging from taxation to price controls. The multinationals have also been caught up in trade and debt disputes between Brazil and its foreign creditors and trading partners, making them a target for angry nationalists.

"This image problem is partly our own fault," Mr. Clegg said. "We haven't been getting our message across, and we have a positive message to tell."

Resentment toward foreign capital "is probably an inevitable spillover from the debt crisis," said Carlos Geraldo Langoni, who stepped down as Brazil's central bank chief five years ago.

He stressed, however, that the change so far has been more psychological than statutory. "Brazil's attitude toward foreign investment has changed, but its rules have not."

In 1987, Mr. Langoni noted, despite Brazil's debt moratorium, record inflation and overall economic policy chaos, foreign investors increased their net holdings by about \$900 million. With a more "coherent macroeconomic framework" and the added incentive of a liberalized debt swap program, foreign investment could be doubled in 1988, he said.

Debt swaps, pioneered on a large scale by Chile and Mexico, led foreign companies to acquire local currency at a substantial discount providing that they spend the funds on local investments. Government

debts are purchased abroad on the so-called secondary market typically for about half their dollar face value; the debts are then redeemed domestically for an amount of local currency close to their nominal worth. Foreign investors get an incentive to expand, while the government reduces its debt.

Critics of swap programs say they dangerously expand the money supply while subsidizing investments that would have occurred anyway. Defenders contend the swaps greatly accelerate multinational expansion projects and let countries like Brazil compete against investment incentives offered by other nations.

"Swaps are a bridge between the age of debt and

Overseas capital 'has become something of a whipping boy.'

the age of capital investment," Mr. Langoni said. Brazil's complex and costly debt-swap requirements have discouraged widespread use of the program. At least \$600 million in new investment projects using the mechanism have been tentatively approved, however.

Finance Minister Mailson da Nóbrega has said he is revising Brazil's swap rules to make them less restrictive. The state-controlled Banco Nacional de Desenvolvimento Econômico e Social, an intermediary for equity-debt trades, estimates that the Brazilian economy could absorb up to \$4 billion annually in swap-generated investment without suffering adverse monetary effects. Most of this new foreign investment would be channeled toward such hard-currency earners as manufacturing, mining and agribusiness, experts say. (Another high-potential industry is tourism. A country with one of the world's longest, loveliest coastlines now lures only 370,000 Europeans and 215,000 Americans yearly.)

More serious, however, is the issue of the constitution, which in its original draft form completely excluded foreign-owned companies from extractive industries like mining. Later drafts amended the ban, but the debate continues.

"I've been convinced all along that reason would prevail," said T.M. Cheney of BP Minerals Ltd., a Brazilian subsidiary of British Petroleum that has invested \$20 million yearly since 1980 in mineral exploration.

Brazil, a vast, sparsely settled country with little mining history but huge geological potential, is in BP's view a classic illustration of the need for foreign risk capital. Brazilian firms, Mr. Cheney said, lack the resources and experience for such a costly and speculative quest, which in BP's case has led to the discovery of commercially viable deposits of copper, lead, zinc, nickel, platinum, cobalt and gold.

"If this law went into effect, we would lose all of that," he said.

# Brazil and Mexico Seek New Strategies

Continued from page 7

Bresser Pereira argues that Brazil and other debtors will ultimately benefit from Brazil's radical debt stance. Argentina's success in negotiating a debt accord last year was widely ascribed to bankers' fear that it would otherwise follow Brazil's path, he noted in an interview last month.

Mexico, in what many bankers considered the most promising conceptual advance yet in regional debt negotiations, recently secured U.S. government support for a proposal to exchange foreign debts for bonds.

Similar to Brazil's original proposal, the Mexican plan differs in two important respects: Participation by the banks is entirely voluntary, with discounts subject to negotiation, and the bonds are backed by the U.S. government. The bonds would be backed by up to \$10 billion in U.S. Treasury zero-coupon bonds; bearing no interest, the bonds could be purchased by Mexico today for about \$1.9 billion and redeemed at face value in 20 years.

Mexico's creditors, in turn, would trade in their loans at a discount for the new U.S.-backed Mexican bonds. The bonds would pay higher interest and carry the promise of eventual full amortization, but the interest would be paid on a smaller amount.

"Bankers would be taking a short-term loss to ensure long-term security," a U.S. Treasury official said.

When bids are submitted on Feb. 19 for the bonds, Mexican officials are hoping the discounts proposed will be at least a third lower than the face value of their outstanding debt. On the secondary loan market, they note, Mexican debts are traded today for less than half their nominal worth — the average market discount for Latin loans.

As Mexican finance officials tour the globe touting the bond proposal, some of the initial enthusiasm for the deal seems to be diminishing. Citibank, Mexico's and Latin America's largest private foreign creditor, said it will not

At the Acapulco meeting, the 'Group of Eight' demonstrated a new unity.

finance minister, Mailson da Nóbrega, said that governments like Brazil's, which enact fiscal austerity programs "for their own reasons and interests," deserve access to IMF aid.

Brazil and other debtors object, however, to the automatic linkage of IMF agreements to the disbursement of commercial loans.

Last year, in the last weekend of November, the presidents of eight of Latin America's largest debtor nations, including Brazil and Mexico, collectively voiced their opposition to IMF linkage with commercial loan agreements.

Gathered in Acapulco, Mexico, the presidents also ordered their finance ministers to negotiate lower debt-servicing obligations "in accordance with each country's ability to pay."

The Acapulco meeting of the "Group of Eight" demonstrated a new unity among the often tacitly and philosophically divergent debtor countries, participants said. Peruvian and Brazilian finance officials felt vindicated by the group's support for countries that adopt "unilateral measures to limit debt servicing in accordance with their development needs."

Mexico, for example, had long condemned such "unilateralism," arguing negotiated accords with creditors instead.

The most insistent advocate of a tougher debt stance in the closed-door conference was not President Alan García Pérez of Peru, as had been expected, but President Raúl Alfonsín of Argentina, who said Latin debtors demand a "return to historic interest rates."

Colombia, uniquely among the eight, has fully and punctually serviced its foreign loans, without resorting to a multiyear rescheduling, since the outset of the regional debt crisis five years ago. Although President Virgilio Barco Vargas assured creditors that Colombia was not contemplating a payments cutoff, his endorsement of such measures was considered a significant hardening of policy for Latin America's most conservative debtor.

WILLIAM A. ORME JR. contributes to The Economist and The Washington Post from Mexico City.

# Idea of Debt Forgiveness Gains Favor

Continued from page 7

managing director, Michel Camdessus, the former governor of the Banque de France. He has been in the Washington job for a little over a year.

The Camdessus-Baker proposals, presently being debated by the executive board, involve not only less harsh lending conditions but also the creation of programs to cushion borrowers against adverse turns in the economic climate.

Arguing that an ounce of prevention is worth a pound of cure, Mr. Camdessus also is urging countries to seek assistance from the IMF at an earlier stage of their difficulties.

One example of the kind of thing being considered is a "contingency financing mechanism" to provide assurances to borrowers undertaking difficult policy reforms that money will be available in case of external shocks, such as collapsing commodity prices, sharply higher interest rates or an earthquake.

American and international officials point to the IMF's agreement last year with Mexico as an example of the way the contingency financing mechanism might work. To qualify for \$6 billion of IMF credits, Mexico agreed to restrict government spending for subsidies on

such things as food and services and to continue selling to private investors some of its 700 state-owned enterprises.

Another possibility being reducing the frequency of national economic assessments from every three months to every six months and concentrating on fewer performance indicators in making these assessments.

Against the overwhelming problems of contracting living standards from the debt crisis, the greater suppleness now being shown in official debt policy and the increasing flexibility of the major institutions are seen as hopeful signs.

For example, Brazil, the biggest Third World debtor, which has refused to have anything to do with the IMF for the last four years, agreed last week to make a \$350 million interest payment on its \$116 billion foreign debt and to begin talks with the IMF this month.

The country's new finance minister, Mailson da Nóbrega, says that the IMF is no longer the ogre that many Brazilians had imagined.

CLYDE H. FARNSWORTH is a New York Times financial journalist based in Washington.

## Mexico?

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The economy is changing. Mexico has changed. The economy is opening to the world. The country enjoys a positive trade balance. Mexican international reserves stand at a new high. Mexico, long known as an oil exporting nation, has increased non-oil exports from \$4.5 billion to an estimated \$12.0 billion in the last five years. As the concept of the global economy becomes a reality, the strategic importance of Mexico is becoming even more evident to the international business community. Today over 1200 "in bond" assembly plants in Mexico export competitive goods to world markets. New investment incentives and joint ventures are forming the basis for new business strategies and opportunities. But change engenders questions. When those questions concern Mexico, the answers can be found at Banco Nacional de Mexico. For good reason. Banco Nacional de Mexico is a financial institution of size, knowledge and experience. A bank that is totally committed to respond with alacrity and an uncommonly high standard of professionalism to the international business and financial needs of anyone executing a business strategy in Mexico. Banco Nacional de Mexico. The right answer.

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GREEN is an analyst for  
Economist Intelligence Unit  
writing a book on the



SCIENCE

IN BRIEF

Reclaiming the Duck's Habitat

Mountain Gorillas on the Increase

KINGI, Rwanda (Reuters) — After years of decline, the gorilla population of the Virunga mountains of central Africa is again on the increase, as a result of anti-poaching measures by the Rwandan government and foreign conservationists.

The latest census on the rare mountain gorillas shows that the volcanic mountain range, which straddles the borders between Rwanda, Uganda and Zaire, is home to at least 279 of earth's largest primates. There may be 28 others, but they have not been definitely identified. Previous censuses showed the gorilla population had declined from between 261 and 290 in 1971-3 to between 242 and 266 in 1981.

Two Americans, Amy Voder of Wildlife Conservation International and Conrad Aveling of Zaire's gorilla conservation project, who conducted their census in 1986, say the proportion of youngsters has also risen — from 40 percent in 1981, to 48 percent in their study.

The Virunga gorillas are the only examples of *Gorilla gorilla beringei*, one of the world's most endangered subspecies. Conservationists give most of the credit for the increase in their numbers to the Mountain Gorilla Project, a consortium of organizations including the World Wildlife Fund, the Washington-based African Wildlife Foundation and Britain's Fauna and Flora Preservation Society.

In the late 1970s the gorillas were poached for sale to foreign zoos and for souvenirs made from their heads and hands. The campaign against the poachers was led by American primatologist Dian Fossey, who worked at the Karisoke Research Institute in the park until her murder in 1985.

Study Disputes Hormone-Mood Link

NEW YORK (NYT) — A small study of hormones and moods in women shows no relationship between any of a variety of hormones and premenstrual syndrome. The finding calls into question certain drugs that are used to treat the problem.

The investigators, led by Dr. David Rubinow of the National Institute of Mental Health in Bethesda, Maryland, studied 20 women who suffered from mood or behavioral disturbances in the week before menstruation. The scientists followed levels of nine hormones that others have suggested may cause the syndrome. The hormones included sex hormones and cortisol, a stress hormone. The researchers concluded, in an article in *Obstetrics and Gynecology*, that theories ascribing premenstrual syndrome to abnormal secretions of any of these hormones were "simplistic and inaccurate."

SDI May Lead to Better Flak Jacket

FAIRFAX, Virginia (NYT) — The "Star Wars" anti-missile program may not save the nation from nuclear Armageddon, but it might help give the president a new and improved lightweight flak jacket.

Progressive Apparel Inc. of Fairfax is using a process developed by the Pentagon's Strategic Defense Initiative Organization to pioneer a new weaving technique for Kevlar, a tough, light, synthetic fiber widely used in making bulletproof vests, boat hulls and airplane parts. The fiber is a product of E.I. du Pont de Nemours & Co. The SDI program pioneered the weaving process as a way to build spacecraft and other structures.

According to *New Technology Week*, an industry newsletter, Progressive Apparel is now using the technique to fashion new lines of "ballistic protective clothing." In addition, the company says finely woven Kevlar gloves could protect surgeons who are working in war zones from being cut by shrapnel embedded in their patients.

Panda Mating: Growling Foreplay

WASHINGTON (UPI) — The spring mating season is approaching, but the National Zoo's world famous giant panda couple appear to want little to do with each other. To encourage mating between the two, zoo officials have been putting Ling-Ling and her mate Hsing-Hsing in the same cage for about three hours each morning, Lisa Stevens, the collections manager said.

"They don't do much of anything really," said Ms. Stevens, who supervises the pandas. "Occasionally he'll go over to her yard and she'll growl at him — but pandas generally don't interact that much."

Washington's giant pandas, a 1972 gift from the Chinese government, have tried to mate several times in captivity with disappointing results. The panda mating season is March to June. Ling-Ling, at 19 the oldest giant panda in the United States, has had two unsuccessful pregnancies. Zookeepers have cleared Ling-Ling's cage of the rocks and wooden structures that might foster the harmful bacteria that killed her last cub.

By Philip Shabecoff

WASHINGTON — Alarmed by a steep decline in the number of ducks and other waterfowl in North America, the United States and Canada are embarking on a last-ditch effort to rebuild the flocks of migratory birds.

The two governments, working with private conservation and wildlife management groups, are putting into motion the first steps of a long-range North American Waterfowl Management Plan. The goal, which the planners hope to achieve by the year 2000, is to restore the continent's waterfowl populations to the levels of a decade ago.

The waterfowl populations of the 1970s were far below the size of the great flocks that the first European settlers found on this continent, wildlife biologists believe. But they say that level is the best they can hope for, given the extent of habitat destruction.

The biologists say the loss and degradation of habitats constitute the primary reason for the dwindling number of the birds. The plan, therefore, will focus on protecting and improving the remaining wetlands and grasslands that ducks, geese and swans need for breeding, nesting and migrating.

In some cases, efforts will be made to restore breeding and nesting grounds already destroyed. Because they are so critical in many stages of the waterfowl's life cycle, the prairies of western Canada and the north central United States will get particular attention.

Not long ago, as nature keeps time, the North American prairies were an earthly paradise for waterfowl. The land was speckled with potholes, marshes and similar wetlands ideal for feeding and breeding, and a sea of grass provided nourishment and nesting grounds concealed from predators.

Today, however, much of the prairie has become a kind of duck's desert. Many of the wetlands have been drained for agriculture and industry, and most of the grass has been plowed under and the land tilled for crops.

Not surprisingly, the continent's population of waterfowl, particularly ducks, has plummeted. Wildlife managers and conservationists recognized that conventional methods of protecting the flocks by maintaining refuges and regulating hunting were no longer sufficient, and they pressed for a new approach.

In 1986 Interior Secretary Donald P. Hodel and Canada's environment minister, Tom McMillan, signed the waterfowl management plan, which is expected to cost \$1.5 billion over the next 12 years.

"This is the most colossal recovery plan ever attempted," said Harvey K. Nelson, who was recently selected as the first American executive director of the plan. He said the plan was the first opportunity wildlife managers have had to work on a continental scale to save ducks. "It is also probably the last opportunity," he added.

James H. Patterson, director of the plan for Canada's Wildlife Service, emphasized the urgency of the situation. "If we don't do anything," he said, "we will just have to watch the populations decline and the benefits waterfowl provide to our societies will decline as well. It is our last chance."

Already, the U.S. Fish and Wildlife Service has sharply reduced hunters' bag limits for several species of ducks, because of declining population. But experts say the ducks cannot be saved by limitations on hunting.

"The bottom line is, we can stop hunting — and we are out foreclosing that possibility — but if you don't have habitat you don't have ducks," said one official of the service.

The loss of waterfowl habitat accelerated after World War II as modern farming methods allowed marginal lands to be cultivated and as agricultural economies rewarded farmers who put every inch of land under the plow. At the same time, the increasing use of chemical fertilizers and pesticides, as well as growing air pollution and acid rain, endangered the remaining waterfowl habitat. Recent periods of drought have also contributed to shrinking of the habitat.

In 1955, the first year that formal estimates were published by the U.S. Fish and Wildlife Service, the breeding populations of the 10 most common duck species stood at 42.7 million. By 1987 the breeding population of these 10 species had dwindled to 30.3 million.

In the 1980s, some of the most common duck species, such as mallards, blue-winged teals and northern pintails, declined sharply. Others are losing ground slowly or barely holding their own.

While the preservation of geese and swans is also a goal of the plan, most of the resources will be concentrated on ducks. Mr. Nelson said that while oil and mineral exploration in northern Canada has had an impact on nesting, Arctic geese, mallards and swan populations are relatively stable because their breeding grounds are under less pressure.

The management plan encompasses much of North America, including waterfowl wintering grounds along coastal wetlands and the hardwood bottom lands of

the lower Mississippi Valley, where trees and wetlands used by the birds are rapidly being destroyed to create new farmland. But considerable effort will focus on the prairie pothole region, a 300,000-square-mile (777,000-square-kilometer) area of western Canada and the north central United States.

This area is speckled with hundreds of thousands of potholes, shallow depressions in the earth left by retreating glaciers. The potholes collect rain water that runs off from the surrounding land. They have a high rate of evaporation, filling up during wet seasons and often drying out completely during drought cycles every 10 or 12 years.

Rich in nutrients, the potholes are critical for waterfowl, which descend upon them in breeding and nesting seasons.

Spurred by a favorable world grain market in the 1960s and '70s and by federal price support levels, farmers moved aggressively to expand acreage under cultivation. In many cases, this meant draining the potholes. It also meant plowing the

grassy upland areas around the potholes that were necessary nesting habitats for many of the duck species.

The recent depression in world food markets, as well as government incentives intended to dissuade farmers from cultivating marginal lands have slowed the destruction of potholes and other waterfowl habitats. But the destruction has not ended.

The waterfowl plan seeks to protect, restore and enhance these pothole environments, along with other habitats used by the ducks while migrating and during winter. It specifies a variety of tools for doing so, starting with the purchase of some pothole areas and other critical habitats.

But as Mr. Nelson noted, the migratory fowl inhabit much of the continent at some part of the year and "there will never be enough money to buy all the land they need."

The primary thrust of the program will entail making arrangements with farmers to manage their land in ways that will benefit wa-

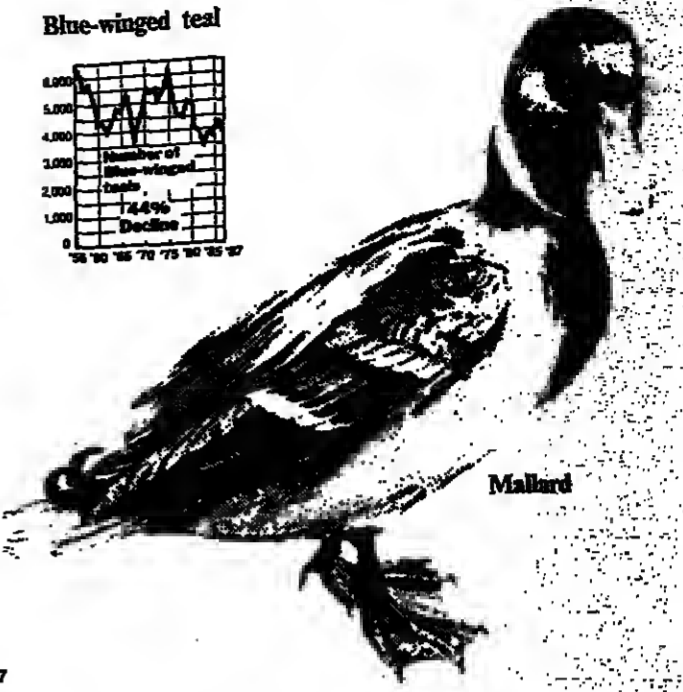


Blue-winged teal

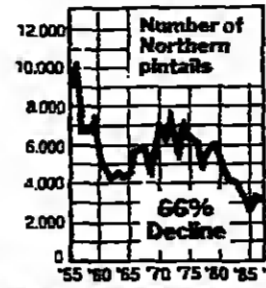
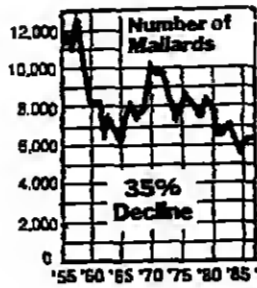


Northern pintail

Illustration by Michael Robinson



Mallard



Source: U.S. Fish and Wildlife Service

terfowl, said Dr. Patterson of Canada's Wildlife Service. One part of this, he said, would be the restoration of prairie potholes already drained. Another part would entail replanting upland areas with grass where birds could feed and nest without being exposed to foxes, skunks, raccoons, dogs and other predators.

Farmers would also be encouraged to leave their fields in stubble after the harvest to provide food for migratory birds.

Incentives, such as payments for agreements to conserve rather than develop farmland, would be given to the landowners to encourage participation, Dr. Patterson said.

Another approach would be to make the remaining pothole areas and wetlands more productive. David Wesley, conservation programs manager for Ducks Unlimited, one of the participating private conservation groups, said that as the number of acres of suitable duck habitat continues to shrink, "we have to produce more ducks per acre."

Enhancing these wetlands' usefulness, he said, requires heavy in-

vestments to pay for dikes to retain water and the creation of artificial islands.

This spring, the U.S. and Canadian wildlife managers will start a long-range, \$10-million program to improve the quality of waterfowl habitat in the Quill Lakes area of Saskatchewan, Dr. Patterson said.

Of the \$1.5 billion envisioned for the management program, \$1 billion would be spent in Canada because so much of the critical waterfowl habitat is there.

Only a part of the \$1.5 billion would be appropriated by the governments of the two countries. The rest would be raised by state and provincial governments and private organizations like Ducks Unlimited.

About two-thirds of Ducks Unlimited's members are hunters, but Mr. Wesley said that the organization is not simply trying to give ducks for people who shoot them. Waterfowl are also of great value to birdwatchers, he noted. But even people who may never see the great flocks of water birds like to know they are there, he said.

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A Doctor's War Against Smoking

By Lawrence K. Altman

New York Times Service

DR. JOHN J. CANNELL remembers how, at the age of 6, he watched his father, a cigarette smoker, die from lung cancer. Now Dr. Cannell is a 39-year-old family physician in Beaver, West Virginia, and the vivid memory of his father coughing up blood as he was dying in his mother's arms has driven him to an unusual policy that has shocked some people but gained praise, if not imitation, from medical colleagues.

Through an advertisement in a local newspaper, Dr. Cannell urged prospective patients who refuse to give up smoking to seek care from some other doctor. He said he did not want them as patients. He pledged to treat any patient for an emergency (and did so recently for a smoker who was about to suffocate). He also promised to continue caring for those already in his practice who ignored his warnings about smoking.

He said he would feel triumphant if he could persuade one patient to quit smoking each week. About 25 patients have stopped smoking since the ad appeared last summer, Dr. Cannell said in an interview.

Taking the stance "was a personal thing," he said. "I didn't want to see any more people in the terminal stages of illnesses that were self-induced and that I couldn't do anything about."

The West Virginia physician said he was not urging other doctors to adopt his policy; the two physicians with whom he practices and the 50 other physicians who serve 30,000 people in the Beaver area do not share it. He also said he did not extend his policy to alcoholics and the obese because they often are strongly influenced by genetics.

Nevertheless, critics have said Dr. Cannell was playing God, making pariahs of smokers, persecuting a segment of the population and encouraging doctors to use personal habits as criteria for selecting patients. Some foresaw thorny practical and ethical problems if many doctors adopted Dr. Cannell's policy or extended it to alcoholics and the obese. Who would treat the rejected?

Dr. Cannell, in turn, defends his stance by citing the tradition of allowing doctors and patients to choose each other. Putting a novel twist on the ethical obligations of physicians to treat patients, he also cites Hippocrates, who warned physicians that their primary duty was to do no harm. Dr. Cannell argues that by treating smokers for tobacco-related problems he is, in effect, encouraging them in their deadly habit.

On this logic, he has received support from an expert in ethics. Dr. Cannell "is not going against



Dr. John J. Cannell and a skeleton decorated with tobacco labels and anti-smoking warnings.

any kind of ethical practice I know of," said Dr. John H. Burkhardt, who heads the American Medical Association's council on ethics and judicial affairs. In an interview, Dr. Burkhardt said he admired Dr. Cannell for "not wanting to be a co-conspirator" with smoking patients.

Dr. Burkhardt, recalling how the astrophysicist that he had once placed throughout his office have given way to anti-smoking signs, said he would consider adopting Dr. Cannell's policy in his own family practice in Knoxville, Tennessee. Yet he said he doubted Dr. Cannell's policy would become a national trend.

Dr. Cannell's announcement provides an unusual insight into the way physicians think, the frustrations they face in practicing medicine, and the unspoken contract between patient and doctor as both strive to make the patient well.

Doctors know that a patient's will to live is as potent a medicine as any therapy they can provide, which is one reason why successful physicians do everything in their power to gain a patient's cooperation. Doctors also know that compassion is indispensable in speeding the healing process, although physicians vary in their ability to express it.

The fact that physicians differ in their approaches is one reason why savvy patients interview physicians before selecting one. But patients often do not act in their own best interest. When patients persist in

behaving dangerously, physicians must strive to retain compassion by overcoming the feeling that they are performing exercises in futility.

This problem often arises among patients who suffer from incurable ailments because they smoke and drink alcohol to excess. Physicians are well aware that many such patients move from doctor to doctor until they find one who does not criticize their behavior.

Dr. Cannell smoked briefly at age 17 but stopped because inhaling made him sick. He attended medical school in the early 1970s at Chapel Hill, in the heart of tobacco country, and recalls being appalled at one lecture on tobacco-related diseases. A spokesman for the tobacco companies "was given equal time and told us none of the dangers were proven and tobacco is a great thing," he said. "It was incredible."

Tobacco industry representatives no longer are invited to talk in these lectures at the University of North Carolina, he added. The university, for its part, says it has never had a policy encouraging or forbidding speakers from the tobacco industry.

Dr. Cannell said he never allowed smoking in his office and never hired anyone who smoked. He developed his convictions about educating smokers during 70 years of treating emphysema, lung cancer, heart attacks and other tobacco-related diseases. The turning point was the death of a 40-year-old

mother of three, a smoker, from lung cancer.

Several patients had severe lung damage from smoking to the point where they could no longer inhale because they were severely short of breath due to chronic infections.

"They would get better, in fact so much better that they went back to their regular cigarette habit," Dr. Cannell said. "I thought, what did I do? I haven't helped this patient. My actions have hurt him."

He also was disturbed about the ethics of giving a clean bill of health to a smoker who comes for a check-up, has a normal chest X-ray and normal breathing test results, and normal heart function. "The message you give is that cigarettes haven't hurt you, at least yet," he said.

To Dr. Cannell, cigarette smokers are tobacco drug addicts. "Only a rare doctor would continue to treat a heroin or cocaine addict if the patient did not agree to enter a detoxification program, so I just wanted to be consistent," Dr. Cannell said.

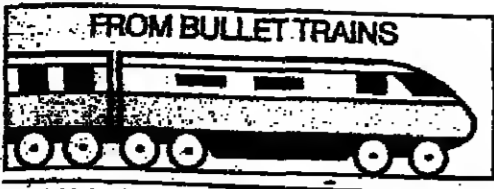
Although Dr. Cannell said he had received "a few angry calls," he believes his policy has been successful.

"Diehard smokers just don't call me anymore," he said. "And I am amazed by how many people say, 'I finally kicked the habit, doctor, and I wanted to thank you because I never thought about it like I was a drug addict before, and I am.' That makes me feel good."

Vertical sidebar containing various advertisements including 'A Call for Managers', 'Current', 'New Dollar Values', and 'Inter'. Includes a small table with financial data.

Handwritten signature or mark at the bottom center of the page.





THURSDAY, FEBRUARY 11, 1988

INTERNATIONAL MANAGER

A Call for Leadership: Managers Need Not Apply

By SHERRY BUCHANAN
International Herald Tribune
LONDON — Corporations need leaders, not managers, to compete in today's volatile business environment...

What firms need are leaders with a vision who will inspire people.

The word "leader" is beginning to appear in the title of management books and training courses.

Management books on leadership are coming out of the major business schools, such as "Leaders" by Warren Bennis and Burt Nanus...

Effective leadership includes a vision, a strategy to carry out that vision, a highly motivated group of people to do it and the ability to make others do things they wouldn't otherwise.

MANAGERS, in contrast, according to Mr. Kotter, are good at planning, budgeting, organizing, controlling through formal authority rather than through inspiration...

Leaders, he contends, are made, not born. His survey of 900 U.S. executives indicates that the bureaucratic disease that stifles people from becoming effective leaders is rampant in U.S. companies.

Of those questioned, 93 percent said managers were not usually rewarded for developing subordinates for leadership. On the contrary, managers are often rewarded for killing off talented managers who are threatening their own jobs...

Mr. Kotter said, "The problem with many charismatic leaders is that their egos are out of control. They are the ones who are more likely not to hire good people underneath them because of deep-seated insecurities despite the bravado."

It is really all that different from effective management?

McGraw Takeover Rumored

Stock Price Soars; Maxwell Bid Seen

By Steve Lohr
New York Times Service
STOCKHOLM — Jan Carlzon, the tall, 46-year-old president of Scandinavian Airlines System, is Sweden's answer to Lee A. Iacocca...

The company declined to comment on the activity of its stock or the rumors on Wall Street that Robert Maxwell, the British publishing magnate, was interested in acquiring McGraw-Hill.

The New York Stock Exchange said that McGraw-Hill officials, in response to a request by the exchange, had declined to comment on whether there were any corporate developments that might explain the unusual market activity.

Lo London, Robert H. Smith, vice chairman of Maxwell Communications U.S.A., said his company was not holding or seeking takeover talks with McGraw-Hill.

"As far as we know, McGraw-Hill is not a seller," he said. Asked whether Maxwell Communications U.S.A., a subsidiary of Maxwell Communications Corp., had been buying McGraw-Hill stock on the open market, Mr. Smith replied: "That's not something we would comment on."

He said that recent speculation that Maxwell Communications was stalking McGraw-Hill might have been sparked by the British company's announcement Jan. 26 that it had recruited a senior McGraw-Hill executive, Donald Fruehling, as deputy chief executive officer of the company's publishing unit, which is responsible for the U.S. market.

Mr. Maxwell tried unsuccessfully last year to acquire Harcourt Brace Jovanovich Inc., the debt-laden, Florida-based publisher. "He made it very clear that he would like to establish a basehead in this country," an analyst in New York said.

Peter Appert, a media analyst with C.J. Lawrence Inc. who Tuesday reiterated a recommendation to buy McGraw-Hill stock, said the company's underlying asset value made it vulnerable to a takeover. He said McGraw-Hill was worth \$90 to \$100 a share. (Reuters, IHT)

Carlzon Pilots SAS Into the Future

By Steve Lohr
New York Times Service
STOCKHOLM — Jan Carlzon, the tall, 46-year-old president of Scandinavian Airlines System, is Sweden's answer to Lee A. Iacocca...



Jan Carlzon, president of Scandinavian Airlines System.

Yet, today, Mr. Carlzon faces another major challenge: preparing SAS for the more competitive, deregulated world toward which European airlines are moving.

Although he is ahead of his European peers in trying to adapt SAS to unfolding deregulation, it is open to question whether he can accomplish his goal of making SAS one of the five or so major carriers that are expected to dominate the European industry in the mid-1990s.

SAS also may expand into South America. Wednesday, in Buenos Aires, Mr. Carlzon and the Argentine government signed a letter of intent for SAS to buy up to 40 percent of the money-losing state airline Aerolineas Argentinas. The purchase, SAS has said, is conditional on a feasibility study to be completed in May.

The top-five target in Europe is an ambitious goal for an airline whose three home markets embrace a scant 17 million people. SAS, half-owned by the governments of Sweden, Denmark and Norway, ranks eighth among European carriers in terms of average revenue generated by flying one passenger one mile, a key industry gauge.

Last month, the European Community took a first step toward full "liberalization," as the deregulation is known, when rules curbing discount fares were relaxed. When the process is completed, hopefully in 1992, European airlines expect a return of the U.S. experience: stiffer

Community took a first step toward full "liberalization," as the deregulation is known, when rules curbing discount fares were relaxed. When the process is completed, hopefully in 1992, European airlines expect a return of the U.S. experience: stiffer

Community took a first step toward full "liberalization," as the deregulation is known, when rules curbing discount fares were relaxed. When the process is completed, hopefully in 1992, European airlines expect a return of the U.S. experience: stiffer

Rivals Negotiate For Générale As Shares Leap

BRUSSELS — The main rivals for control of Société Générale de Belgique sought hectically Wednesday to forge alliances after the removal Tuesday of legal obstacles to all-out competition for the giant holding company.

The Italian financier Carlo de Benedetti, who is estimated to control about 33 percent of Générale, said on Italian television that he had offered André Leysen, a post as chairman of the company. Mr. Leysen heads a mainly Belgian consortium that claims control of 27.5 percent of Générale.

Shares in Générale jumped 5.6 percent in massive trading to close at a record high of 4,500 Belgian francs (\$126.30), exactly twice their price on the first trading day of this year.

On Jan. 5, Mr. de Benedetti began a buying spree of Générale shares, setting off a bitter battle for the sprawling, 166-year-old conglomerate that dominates key sectors of Belgium's economy and has large interests abroad.

Générale responded by issuing 12 million voting shares to dilute the voting power of his stake. But on Tuesday, the Brussels Commercial Court let stand a temporary injunction issued Jan. 20 barring Générale from raising its capital and stripping voting rights from the new shares.

Later on Tuesday, the Banking Commission opened the way for Mr. de Benedetti to expand his 18.6 percent holding by another 15 percent.

Mr. Leysen, the chairman of the Belgian holding company Gevaert NV, appeared to be at the center of the intense negotiations Wednesday. Before the offer of the chairmanship, Mr. de Benedetti already had offered to negotiate an agreement to run Belgium's biggest company with Mr. Leysen as an equal partner.

"I'm in contact with everyone, but one can't expect me to make any decisions in the next 24 hours," Mr. Leysen told the national news agency Belga on Wednesday.

Analysts, meanwhile, estimated that a group led by the French financial group Compagnie Financière de Suez holds almost 20 percent of Générale together with other French allies.

Suez, which is said to have entered the battle to help fend off Mr. de Benedetti, said in Paris that Générale's allies had a majority interest.

"There is every reason to think that Société Générale's friends have more than 50 percent," a Suez spokeswoman said. But she declined to identify the parties involved, and analysts said that Suez obviously was including Mr. Leysen's consortium in its calculations.

Compagnie Européenne Reunies, or Cerus, Mr. de Benedetti's French holding company, says it controls 18.6 percent of Générale's capital. But financial sources close to the battle say Mr. de Benedetti's stake adds up to about 33 percent through holdings of friendly groups.

Experts Fear Market Crises Sap Confidence in G-7 Teamwork

By Carl Gewirtz
International Herald Tribune
PARIS — The October turmoil in financial markets created an issue that continues to plague economists and policy makers: Can the world's major industrialized nations succeed in a coordinated approach to economic problems?

International Settlements in Basel, Switzerland. But economists argue that the accord reached by major industrialized nations in February 1987 to stabilize exchange rates was flawed from the outset. By mistargeting the value of the dollar — establishing too high a range against the Deutsche mark and the yen — the agreement thwarted progress to reduce the U.S. trade deficit.

Equally important, the promised policy changes needed to underpin exchange rate stabilization were not implemented by the Americans or the West Germans. Only Japan lived up to its promise. "The problem was not with what they announced," said Mr. Lamfalussy, "but with what they failed to carry out in terms of domestic policies — that is, fiscal policies."

Richard Portes, director of the London-based Center for Economic Policy Research, agreed. "It would be very dangerous to let the Louvre accord and its sequel give coordination a bad name," he said. "But that, I fear, to some extent has taken place due to the demonstrated inability to live up to whatever fiscal policy commitments were made."

Under the pressures created by the October stock market collapse, fiscal policies have begun to move in the direction promised a year ago. The United States has made some progress in restraining its budget deficit, and West Germany has agreed to accommodate a larger deficit in its own budget than initially targeted.

And in December, the Group of Seven industrialized nations reaffirmed "their conviction that the basic objectives and economic policy directions agreed to in the Louvre accord remain valid," although the statement implied a lower target range for the dollar.

Yet the scars from the bruising efforts to coordinate policy remain. The failure of policy coordination from February through October of 1987 "left a feeling of disappointment, an atmosphere of skepticism that has added to the vulnerability of financial markets," said Lord Roll of Ipsden, president of S.G. Warburg, the British merchant bank.

The obstacles to coordination at first glance appear to be purely political: domestically, the reluctance to raise taxes or curtail spending; and internationally, the endless finger-pointing about whether the country running a current-account deficit is living beyond its means or whether the surplus country is livelier off its neighbors.

In fact, the stumbling block is much more basic: a lack of agreement even among economists on what the world looks like. "If there are clear gains," asks See COORDINATE, Page 17

Currency Rates

Table with columns for Currency, Bid, Ask, and other rates. Includes entries for Australian, Canadian, Hong Kong, etc.

Interest Rates

Table with columns for Instrument, Rate, and other details. Includes entries for 1-month, 3-month, 6-month, 1-year, etc.

Cray's Counting Heavily on Newest Supercomputer

By Andrew Pollack
New York Times Service
SAN FRANCISCO — Cray Research Inc. introduced its newest and most powerful supercomputer Wednesday, hoping it would be viewed as a symbol of what the company was but of what it will be.

The \$20 million machine, the Y-MP, is the last one Cray will market that was inspired by Steve S. Chen, the brilliant computer designer who stunned the industry and rattled Wall Street in September by leaving after another project on which he was working was canceled. The Y-MP's design was completed by a team headed by Lester T. Davis, an executive vice president expected to lead many Cray design efforts in the future.

The success of the Y-MP is essential in an increasingly competitive industry that is evolving from a specialized business catering largely to the Defense Department to one with a broad range of industrial and academic users. After a decade in which it was not unusual for Cray to grow 40 percent or more annually, growth slowed to 15 percent last year. Company officials expect increases in both revenues and earnings to be slightly less this year.

The Y-MP is the successor to the X-MP, the line that has been Cray's mainstay for several years. The Y-MP, which has eight processors working together, is two to three times more powerful than the most powerful X-MP, for a price only 25 percent higher, and, under ideal conditions, will be able to perform 2 billion to 4 billion arithmetic operations per second.

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Key Money Rates

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Asian Dollar Deposits

Table with columns for Instrument, Rate, and other details. Includes entries for 1-month, 3-month, 6-month, 1-year, etc.

U.S. Money Market Funds

Table with columns for Instrument, Rate, and other details. Includes entries for Merrill Lynch Ready Assets, etc.

Gold

Table with columns for Instrument, Rate, and other details. Includes entries for Gold, etc.

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AVIS AUX PARTICIPANTS DE OBLI-DOLLAR

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mother of three, a smoker, lung cancer. Several patients had been damaged from smoking to the degree they could no longer breathe due to chronic inflammation. "They would get better and much better that they were on their regular cigarettes," said Dr. Cannell said. "I thought, 'I haven't helped the patient. My actions have hurt him.'"

Smoking

Dr. Cannell advised patients to quit smoking. "I had received a few letters that believed his policy was successful. "Dickard smokers who had quit smoking had received a few letters that believed his policy was successful."



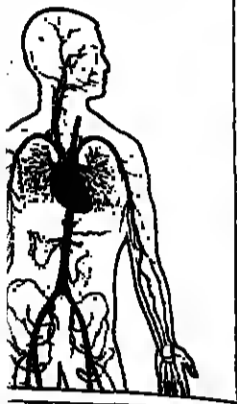




NYSE Most Actives table with columns for stock symbols, high, low, and volume.

NYSE Stock Index table showing high, low, and closing values.

Pressure monitors... e Ametek's silicon technology for state-of-the-art hospitals well as a disposable item in reports, write IETEK Pennsylvania 19301



NYSE High-Lows table listing various stocks and their price ranges.

NYSE High-Lows table (continued) listing various stocks and their price ranges.

Wednesday's NYSE Closing

Table listing NYSE closing prices for various stocks, including IBM, AT&T, and others.

Large table of stock prices and market data, including various international and domestic equities.

NYSE High-Lows table listing various stocks and their price ranges.

Company Results table listing financial data for various companies like Goodyear, Household Int, and others.

Table of stock prices and market data, including various international equities.

Table of stock prices and market data, including various international equities.

NYSE High-Lows table listing various stocks and their price ranges.

Table of stock prices and market data, including various international equities.

Table of stock prices and market data, including various international equities.

Table of stock prices and market data, including various international equities.

NYSE High-Lows table listing various stocks and their price ranges.

Table of stock prices and market data, including various international equities.

BUSINESS ROUNDUP

Generali Increases Midi Stake to 9%

By Jacques Neher

Special to the Herald Tribune

PARIS — Compagnie du Midi, the French insurance and real estate group, said Wednesday that Assicurazioni Generali SpA, Italy's leading insurance company, had increased its stake in Midi to more than 9 percent.

Generali, which bought 4.98 percent of Midi's stock last fall, made the additional purchases last week and now holds "probably 9.5 or 9.6 percent," according to Patrice Alain-Dupré, a spokesman for Midi.

Midi, one of the most heavily traded and widely held stocks quoted on the Paris Bourse, is one of several French companies that have been the subjects of takeover speculation in recent days.

Midi shares, which traded at less than 1,000 (\$174) francs at the end of January, rose to 1,445 francs last week. Wednesday, they closed at 1,305 francs, down almost 5 percent from 1,368 francs Tuesday.

General shares rose Wednesday in Milan by 1,040 lira (83 cents), to 76,690 lira. But analysts said they gained another 1 percent in unofficial trading after the market closed.

Dario Echor, a spokesman for Generali at its headquarters in Trieste, said the company would not release details of its Midi stock purchase until the end of the week.

Mr. Alain-Dupré said the investment bank Lazard Frères & Compagnie, which has an indirect 5 percent stake in Generali, had bought Midi shares on behalf of Generali.

He said, "I don't think this is a case of a takeover."

Andrew Bell, the Italian market specialist with the London brokerage Phillips & Drew, said Generali might seek a bargaining position to negotiate a joint venture with Midi.

Generali, he said, might see Midi as the key in creating a pan-European insurance group before the elimination of internal borders in the European Community, planned for 1992.

Midi's Assurances du Groupe de Paris SA is the most profitable French insurance company. Phillips & Drew estimated that, for 1987, AGP will report earnings of 750 million francs on premium income of 12.7 billion francs.

Midi's other major attraction for Generali is Equi & Law Life Assurance Society PLC, the sixth largest British life insurer, which Midi acquired last fall.

In the past week, several other companies have become the subject of takeover fever on the Paris Bourse, helping to push the entire market up 9.7 percent since the start of February.

A formal bid is expected within a few days by the engineering group Schneider SA for the shares of Télémeccanique Electrique. The bid is considered hostile and a Télémeccanique employees group has planned a protest for Thursday.

Moulinet SA, the troubled maker of electrical household appliances, also emerged as a takeover candidate Wednesday, when more than 1 percent of its shares traded hands. The stock closed at 46.6 francs, up 12 percent from Tuesday.

WASHINGTON — Foreign investors, who had been strong buyers of U.S. stocks, in the last three months of 1987 sold a net \$7.8 billion, according to the Securities Industry Association.

It was the first calendar quarter in three years that overseas investors sold more stocks than they bought. They began dumping shares when the market fell Oct. 19 and continued to be heavy sellers through November and December.

In November alone, foreign investors were net sellers of \$6.7 billion in stocks, a dramatic reversal of normal trading patterns. Until October, they had bought a net average of \$2.6 billion a month.

Foreign investment, especially from Japan, was an major component of the bull market during the past several years. In 1987, foreign activity accounted for 12 to 14 percent of the public volume on the New York Stock Exchange, according to Carolyn Hildebrandt, assistant vice president at the SIA.

Although the SIA was unable to break down its fourth-quarter figures by country of origin, she suggested that much of November's sales came from Europeans.

Yoshindo Takahashi, president of Nomura Research Institute (America), said Japanese investors were "net sellers in October, neutral in November and net purchasers in December."

He estimated that Japanese own have \$15 billion invested in U.S. stocks, only slightly less than before Oct. 19.

Kenneth R. Leibler, president of the American Stock Exchange, said there had been a visible slowdown in foreign buy and sell orders, which usually come in at night and await the opening of the markets in New York.

CBS's Profit Reverses Loss

Reuters

NEW YORK — CBS Inc., the communications and entertainment company, said Wednesday that it had registered an operating profit of \$22.5 million in the fourth quarter, after a loss of \$20 million a year earlier.

Sales fell 2.7 percent to \$772.9 million from \$794.9 million. For all of 1987, CBS said operating profit rose 83 percent to \$136 million from \$74.2 million in 1986, helped by results from its broadcast division. Sales fell 1.8 percent to \$2.76 billion.

Foreigners Sold \$7.8 Billion in U.S. Stocks

Washington Post Service

WASHINGTON — Foreign investors, who had been strong buyers of U.S. stocks, in the last three months of 1987 sold a net \$7.8 billion, according to the Securities Industry Association.

It was the first calendar quarter in three years that overseas investors sold more stocks than they bought. They began dumping shares when the market fell Oct. 19 and continued to be heavy sellers through November and December.

In November alone, foreign investors were net sellers of \$6.7 billion in stocks, a dramatic reversal of normal trading patterns. Until October, they had bought a net average of \$2.6 billion a month.

Foreign investment, especially from Japan, was an major component of the bull market during the past several years. In 1987, foreign activity accounted for 12 to 14 percent of the public volume on the New York Stock Exchange, according to Carolyn Hildebrandt, assistant vice president at the SIA.

Although the SIA was unable to break down its fourth-quarter figures by country of origin, she suggested that much of November's sales came from Europeans.

Yoshindo Takahashi, president of Nomura Research Institute (America), said Japanese investors were "net sellers in October, neutral in November and net purchasers in December."

He estimated that Japanese own have \$15 billion invested in U.S. stocks, only slightly less than before Oct. 19.

Kenneth R. Leibler, president of the American Stock Exchange, said there had been a visible slowdown in foreign buy and sell orders, which usually come in at night and await the opening of the markets in New York.

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SAS: Having Turned Airline Around, Carlson's 'Moment' Is Still to Come

(Continued from first finance page)

Market shares will no longer be fixed, as they essentially are now because of government-by-government restrictions on routes. Accordingly, a consolidation of the European industry seems inevitable.

Airline executives and analysts say that about five major European carriers — efficient and truly international — will emerge by the mid-1990s. The others will be relegated to "feeder" airlines bringing passengers from Europe's less traveled regions to hub airports, where the major airlines will pick them up for transcontinental flights.

Mr. Carlson is clear about his goal for SAS: "We want to be one of the five big intercontinental European carriers in 1995."

That may be a tall order, but Mr. Carlson — who likes to call himself "an enlightened dictator" — is known for tackling tough jobs. An executive who has an intol-

erance for unnecessary paperwork, he has spent his entire career in the travel business. After earning a master's degree in business administration at the Stockholm School of Economics in 1967, he joined Vingstorp, Sweden's largest tour operator. When he became its managing director in 1974, the company — by then a subsidiary of SAS — was losing money. He cut costs and within a year had it operating in the black.

In 1978 he became president of Linjeflyg, Sweden's ailing domestic airline, which was 50 percent owned by SAS. He revived it by cutting fares and improving service.

Joining SAS as chief operating officer in 1980, he became its chief executive less than a year later. He has since gained international renown for involving SAS employees in a successful crusade to improve service. His theory is that "Iron-line workers" — those who have direct contact with passengers — are the company's most important asset.

He argues that any employee "not given information cannot assume responsibility, but anyone who is given information cannot avoid assuming it." To that end, he put more than 12,000 employees through a service course that is, itself, marketed and has been used by dozens of companies.

Mr. Carlson is not a diarchard cost-cutter. He revived SAS without shearing away thousands of workers or drastic divestitures. He has actually increased SAS's operating expenses, and in the quest to keep business travelers happy, he even restored olives in martinis.

To make SAS a giant of a deregulated European airline industry, Mr. Carlson hopes to form alliances with other airlines around the world whose flight schedules, computerized reservation systems and service standards will mesh smoothly. The notion is to create a network that will allow passengers to fly conveniently worldwide, with stopovers only at hub airports.

If Mr. Carlson's alliance plan fails, SAS probably will be forced to become a feeder airline to the big West German carrier Lufthansa, most analysts say.

Negotiations with Sabena, the Belgian flag carrier, aimed at combining their airlines, hotels and service companies into a jointly owned subsidiary, broke down last summer when Sabena balked at the sweeping nature of the deal.

Last fall, though, SAS signed an agreement with Thai Airways International to cooperate and increase nonstop flights between Scandinavia and Bangkok, with Thai carrying passengers on to other Asian destinations. In addition, SAS has signed a pact with Varig Airways of Brazil for connecting service from Rio de Janeiro to points in South America.

Large advertisement for DAIWA securities with text: IN ALL AREAS OF FINANCIAL IMPORTANCE, THERE'S DAIWA. FROM FEBRUARY 11, WE'RE IN MADRID!

Advertisement for DAIWA securities with contact information: General Manager: Tadonori Urahe, DAIWA Securities Co. Ltd., Madrid Representative Office, Paseo de la Castellana, 51, Madrid 28046, Spain, Telephone: 410 78 45, Facsimile: 410 78 53.

NYSE Highs-Lows

Table listing NYSE Highs and Lows for various stocks.

U.K. to Probe Trading Of Shares in Peachey

LONDON — Two inspectors have been appointed to investigate possible insider trading in the shares of Peachey Property Corp., a large London-based real estate developer, Trade Secretary Lord Young said Wednesday.

He said in a statement that the inquiry also would cover any transactions with a possible connection to the chairman of British Land Co., John Ribbit. Mr. Ribbit, 52, was unavailable for comment.

A British Land subsidiary was reported on May 8 to have sold a 7.2 percent stake in Peachey. The holding eventually went to Bell Group Ltd., which is controlled by the Austrian financier Robert Holmes & Court.

The same day, Peachey shares jumped 47 pence (now 83 cents) to 423 pence as the market suspected a merger was under way.

Lord Young's announcement brought the number of insider trading investigations being conducted by British inspectors to 14, eight of which are being considered for prosecutions, the Trade Department said.

In another announcement, Lord Young said he had called in the government's Monopolies and Mergers Commission to investigate a bid worth £69 million (\$121.5 million) by Hanson Trust PLC, an industrial conglomerate, for George Armitage, a brick maker.

Hanson already owns London Brick, the country's largest brick maker, and the commission has three months to decide whether the purchase should be permitted.

RUSSELL BAKER IN THE IT EVERY WEDNESDAY AND FRIDAY. URBANE WIT AT ITS SATIRICAL BEST



This announcement is not an offer to purchase or a solicitation of an offer to sell Securities. The offer is made solely by the Offer to Purchase dated February 8, 1988 (the "Offer to Purchase") and the related Letters of Transmittal (together, the "Offer") and is not being made to, nor will tenders be accepted from or on behalf of, holders of Securities in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction.

# Notice of Offer to Purchase for Cash by First City Acquisition Corporation

## All Outstanding Floating Rate Notes due 1995 at \$450 Net Per \$1,000 Principal Amount

## All Outstanding 13 3/4% Notes due 1992 at \$450 Net Per \$1,000 Principal Amount

## All Outstanding Redeemable Floating Rate Restricted Debentures due 1991 at \$450 Net Per \$1,000 Principal Amount

## All Outstanding Floating Rate Subordinated Notes due 1996 at \$350 Net Per \$1,000 Principal Amount

# First City Bancorporation of Texas, Inc.

First City Acquisition Corporation, a Delaware corporation (the "Purchaser"), is offering to purchase all of First City Bancorporation of Texas, Inc.'s ("First City") outstanding Floating Rate Notes due 1995, 13 3/4% Notes due 1992, Redeemable Floating Rate Restricted Debentures due 1991, and Floating Rate Subordinated Notes due 1996 (collectively, the "Securities") in each case for the prices set forth above, all net to the seller in cash, upon the terms and subject to the conditions set forth in the Purchaser's Offer to Purchase and in the related Letters of Transmittal.

First City National Bank of Houston and its London branch are the Depositories for the Offer.

**THE OFFER WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON MARCH 8, 1988, UNLESS EXTENDED. THE TIME AT WHICH THE OFFER EXPIRES IS REFERRED TO HEREIN AS THE "EXPIRATION DATE." SECURITIES TENDERED MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.**

The Offer is subject to certain conditions, including, among others, that there shall have been received, and not revoked or withdrawn, on or prior to the Expiration Date valid tenders of Securities representing at least 90% of the outstanding principal amount of the Securities. The Offer is also conditioned upon (i) the Purchaser receiving sufficient funds pursuant to a reorganization (the "Reorganization") of First City on terms satisfactory to it, so as to permit it to purchase and pay for all Securities tendered pursuant to the Offer; (ii) the receipt of certain assistance from the Federal Deposit Insurance Corporation (the "FDIC"); (iii) receipt of a new credit line; (iv) the purchase by the Purchaser of all of First City's assets in exchange for the assumption by the Purchaser of all of First City's liabilities; and (v) certain other conditions to the Offer and the Reorganization shall have been satisfied or waived.

Subject to the foregoing and to the other conditions specified in the Offer to Purchase, the Purchaser will accept all Securities validly tendered prior to 5:00 p.m., New York City time, on March 8, 1988. For purposes of the Offer, the Purchaser shall be deemed to have accepted for payment validly tendered Securities if, as, and when the Purchaser gives oral or written notice to a Depository of its acceptance for payment of the tenders of the Securities.

The Purchaser may extend the Offer at any time and from time to time by giving oral or written notice to the Depositories (with the approval of each of the FDIC, DLJ, and A. Robert Abboud). Any such extension will be followed as promptly as practicable by public announcement thereof.

Securities tendered pursuant to the Offer may be withdrawn at any time prior to acceptance for payment as provided in the Offer.

To be effective, a written, telegraphic, telex or facsimile transmission notice of withdrawal must (i) be timely received by the Depository that received the tender at the address specified on the back cover of the Offer to Purchase to which such tender was made before such Depository receives notice of acceptance from the Purchaser, (ii) specify the name of the person who tendered the Securities, (iii) contain the description of the Securities to be withdrawn, the certificate numbers shown on the particular certificates evidencing such Securities and the aggregate principal amount represented by such Securities, (iv) be signed by the holder of Securities in the same manner as the original signature on the applicable Letter of Transmittal (including any required signature guarantees) or be accompanied by evidence satisfactory to the Purchaser that the person withdrawing the tender has succeeded to the beneficial ownership of the Securities tendered, and (v) in the case of First City's Floating Rate Notes due 1995, be accompanied by the original of the Deposit Receipt issued by the Depository when it received such Floating Rate Notes due 1995. The signature(s) on the notice of withdrawal must be guaranteed by an Eligible Institution as identified in the applicable Letter of Transmittal unless the tendered Securities have been tendered for the account of an Eligible Institution. If Securities to be withdrawn have been delivered or otherwise identified to a Depository, a signed notice of withdrawal is effective immediately upon written, telegraphic, telex, or facsimile transmission notice of withdrawal (accompanied by the Deposit Receipt, in the case of First City's Floating Rate Notes due 1995) even if physical release of the Securities from the Depository's control is not yet effected. In addition, in the case of Securities tendered by delivery of certificates for such Securities (other than First City's Floating Rate Notes due 1995), such notice must specify the name of the registered holder (if different from that of the tendering holder) and, in the case of Securities tendered by book-entry transfer, the name and number of the account at one of the Book-Entry Transfer Facilities as identified in the applicable Letter of Transmittal to be credited with the withdrawn Securities. Withdrawals may not be rescinded, and any Securities withdrawn will thereafter be deemed not validly tendered for purposes of the Offer. However, properly withdrawn Securities may be re-tendered by following one of the procedures described in the Offer to Purchase.

The Offer to Purchase and the related Letters of Transmittal are being mailed to record holders of Securities and will be furnished to brokers, banks, and similar persons whose names, or the names of whose nominees, appear on the Securityholder lists of First City or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Securities. The Offer to Purchase and the related Letters of Transmittal contain important information that should be read before any decision is made with respect to the Offer.

Requests for copies of the Offer to Purchase and the related Letters of Transmittal and other tender offer materials may be directed to the Information Agent as set forth below, and copies will be furnished promptly at the Purchaser's expense.

The Information Agent for the Offer is:

United States:  
237 Park Avenue  
New York, New York 10017  
(800) 365-5500/(800) 221-3343  
In New York: (212) 619-1100  
Banks and Brokerage Firms please call:  
(212) 883-8900

Europe:  
The Carter Organization, Inc.  
a member of  
The VPI Group PLC  
46 Grosvenor Gardens  
London SW1W 0DH  
01-730-3456

The Dealer Manager is:

## Donaldson, Lufkin & Jenrette Securities Corporation

(212) 504-3519  
(212) 504-3503

February 9, 1988

### U.S. Futures

Via The Associated Press

Feb. 10

Grains

WHEAT (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	2.38	2.35	2.36	2.37	2.34	2.36	+0.01
May	2.35	2.32	2.33	2.34	2.31	2.33	+0.01
Jul	2.32	2.29	2.30	2.31	2.28	2.30	+0.01
Soybeans (CBOT) <th>High</th> <th>Low</th> <th>Open</th> <th>High</th> <th>Low</th> <th>Close</th> <th>Chg.</th>	High	Low	Open	High	Low	Close	Chg.
Mar	1.18	1.15	1.16	1.17	1.14	1.16	+0.01
May	1.15	1.12	1.13	1.14	1.11	1.13	+0.01
Jul	1.12	1.09	1.10	1.11	1.08	1.10	+0.01

SOYBEAN MEAL (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	1.18	1.15	1.16	1.17	1.14	1.16	+0.01
May	1.15	1.12	1.13	1.14	1.11	1.13	+0.01
Jul	1.12	1.09	1.10	1.11	1.08	1.10	+0.01

SOYBEAN OIL (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	22.15	21.85	22.00	22.10	21.75	22.00	+0.05
May	21.85	21.55	21.70	21.80	21.45	21.70	+0.05
Jul	21.55	21.25	21.40	21.50	21.15	21.40	+0.05

CATTLE (CME)	High	Low	Open	High	Low	Close	Chg.
Mar	72.50	72.00	72.25	72.40	71.75	72.30	+0.05
Apr	72.00	71.50	71.75	71.90	71.25	71.80	+0.05
May	71.50	71.00	71.25	71.40	70.75	71.30	+0.05

FEEDER CATTLE (CME)	High	Low	Open	High	Low	Close	Chg.
Mar	48.50	48.00	48.25	48.40	47.75	48.30	+0.05
Apr	48.00	47.50	47.75	47.90	47.25	47.80	+0.05
May	47.50	47.00	47.25	47.40	46.75	47.30	+0.05

HOGS (CME)	High	Low	Open	High	Low	Close	Chg.
Mar	49.50	49.00	49.25	49.40	48.75	49.30	+0.05
Apr	49.00	48.50	48.75	48.90	48.25	48.80	+0.05
May	48.50	48.00	48.25	48.40	47.75	48.30	+0.05

PHILADELPHIA EXCHANGE	High	Low	Open	High	Low	Close	Chg.
Mar	1.18	1.15	1.16	1.17	1.14	1.16	+0.01
May	1.15	1.12	1.13	1.14	1.11	1.13	+0.01
Jul	1.12	1.09	1.10	1.11	1.08	1.10	+0.01

HEATING OIL (NYMEX)	High	Low	Open	High	Low	Close	Chg.
Mar	22.15	21.85	22.00	22.10	21.75	22.00	+0.05
May	21.85	21.55	21.70	21.80	21.45	21.70	+0.05
Jul	21.55	21.25	21.40	21.50	21.15	21.40	+0.05

CRUDE OIL (NYMEX)	High	Low	Open	High	Low	Close	Chg.
Mar	21.15	20.85	21.00	21.10	20.75	21.00	+0.05
May	20.85	20.55	20.70	20.80	20.45	20.70	+0.05
Jul	20.55	20.25	20.40	20.50	20.15	20.40	+0.05

SPRING WHEAT (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	2.38	2.35	2.36	2.37	2.34	2.36	+0.01
May	2.35	2.32	2.33	2.34	2.31	2.33	+0.01
Jul	2.32	2.29	2.30	2.31	2.28	2.30	+0.01

SPRING SOYBEANS (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	1.18	1.15	1.16	1.17	1.14	1.16	+0.01
May	1.15	1.12	1.13	1.14	1.11	1.13	+0.01
Jul	1.12	1.09	1.10	1.11	1.08	1.10	+0.01

SPRING SOYBEAN MEAL (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	1.18	1.15	1.16	1.17	1.14	1.16	+0.01
May	1.15	1.12	1.13	1.14	1.11	1.13	+0.01
Jul	1.12	1.09	1.10	1.11	1.08	1.10	+0.01

SPRING SOYBEAN OIL (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	22.15	21.85	22.00	22.10	21.75	22.00	+0.05
May	21.85	21.55	21.70	21.80	21.45	21.70	+0.05
Jul	21.55	21.25	21.40	21.50	21.15	21.40	+0.05

SPRING CATTLE (CME)	High	Low	Open	High	Low	Close	Chg.
Mar	72.50	72.00	72.25	72.40	71.75	72.30	+0.05
Apr	72.00	71.50	71.75	71.90	71.25	71.80	+0.05
May	71.50	71.00	71.25	71.40	70.75	71.30	+0.05

SPRING FEEDER CATTLE (CME)	High	Low	Open	High	Low	Close	Chg.
Mar	48.50	48.00	48.25	48.40	47.75	48.30	+0.05
Apr	48.00	47.50	47.75	47.90	47.25	47.80	+0.05
May	47.50	47.00	47.25	47.40	46.75	47.30	+0.05

SPRING HOGS (CME)	High	Low	Open	High	Low	Close	Chg.
Mar	49.50	49.00	49.25	49.40	48.75	49.30	+0.05
Apr	49.00	48.50	48.75	48.90	48.25	48.80	+0.05
May	48.50	48.00	48.25	48.40	47.75	48.30	+0.05

SPRING PHILADELPHIA EXCHANGE	High	Low	Open	High	Low	Close	Chg.
Mar	1.18	1.15	1.16	1.17	1.14	1.16	+0.01
May	1.15	1.12	1.13	1.14	1.11	1.13	+0.01
Jul	1.12	1.09	1.10	1.11	1.08	1.10	+0.01

SPRING HEATING OIL (NYMEX)	High	Low	Open	High	Low	Close	Chg.
Mar	22.15	21.85	22.00	22.10	21.75	22.00	+0.05
May	21.85	21.55	21.70	21.80	21.45	21.70	+0.05
Jul	21.55	21.25	21.40	21.50	21.15	21.40	+0.05

SPRING CRUDE OIL (NYMEX)	High	Low	Open	High	Low	Close	Chg.
Mar	21.15	20.85	21.00	21.10	20.75	21.00	+0.05
May	20.85	20.55	20.70	20.80	20.45	20.70	+0.05
Jul	20.55	20.25	20.40	20.50	20.15	20.40	+0.05

SPRING SPRING WHEAT (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	2.38	2.35	2.36	2.37	2.34	2.36	+0.01
May	2.35	2.32	2.33	2.34	2.31	2.33	+0.01
Jul	2.32	2.29	2.30	2.31	2.28	2.30	+0.01

SPRING SPRING SOYBEANS (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	1.18	1.15	1.16	1.17	1.14	1.16	+0.01
May	1.15	1.12	1.13	1.14	1.11	1.13	+0.01
Jul	1.12	1.09	1.10	1.11	1.08	1.10	+0.01

SPRING SPRING SOYBEAN MEAL (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	1.18	1.15	1.16	1.17	1.14	1.16	+0.01
May	1.15	1.12	1.13	1.14	1.11	1.13	+0.01
Jul	1.12	1.09	1.10	1.11	1.08	1.10	+0.01

SPRING SPRING SOYBEAN OIL (CBOT)	High	Low	Open	High	Low	Close	Chg.
Mar	22.15	21.85	22.00	22.10	21.75	22.00	+0.05
May	21.85	21.55	21.70	21.80	21.45	21.70	+0.05
Jul	21.55	21.25	21.40	21.50	21.15	21.40	+0.05

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May	48.50	48.00	48.25	48.40	47.75	48.30	+0.05

SPRING SPRING PHILADELPHIA EXCHANGE	High	Low	Open	High	Low	Close	Chg.
Mar	1.18	1.15	1.16	1.17	1.14	1.16	+0.01
May	1.15	1.12	1.13	1.14	1.11	1.13	+0.01
Jul	1.12	1.09	1.10	1.11	1.08	1.10	+0.01

SPRING SPRING HEATING OIL (NYMEX)	High	Low	Open	High	Low	Close	Chg.
Mar	22.15	21.85	22.00	22.10	21.75	22.00	+0.05
May	21.85	21.55	21.70	21.80	21.45	21.70	+0.05
Jul	21.55	21.25	21.40	21.50	21.15	21.40	+0.05

SPRING SPRING CRUDE OIL (NYMEX)	High	Low	Open	High	Low	Close	Chg.
Mar	21.15	20.85	21.00				



BUSINESS ROUNDUP

Bank of Tokyo Likely To Make U.S. Purchase

Standard Unit Is Reported Target

Compiled by Our Staff From Dispatches TOKYO — Bank of Tokyo Ltd. is the most likely candidate to acquire a U.S. unit of Standard Chartered PLC, Japanese banking sources said Wednesday. They said Bank of Tokyo was believed to be moving closer to a takeover of Standard Chartered's Union Bank of California. Bank of Tokyo officials declined comment. The sources, quoted by Reuters, said they were unsure what price Standard Chartered would ask, but added that they expected it to be more than 100 billion yen (\$775 million). Dai-ichi Kangyo Bank Ltd. and Sanwa Bank Ltd. had also been rumored to be possible buyers, but both said they had no plans to take over Union Bank. The banking sources said other Japanese banks had given up on acquiring Union Bank partly because they were concerned that it would undermine their efforts to meet proposed international capital adequacy rules. "One hundred billion yen is a lot of money, and we just can't afford it," said a Japanese bank official, who declined to be identified. He said his bank had studied buying Union Bank, California's fifth largest bank, but decided not to because of the high cost. Bank of Tokyo already owns California First Bank, the state's

WPP Purchases Anspach, A Company-Name Creator

LONDON — The marketing services concern WPP Group PLC said Wednesday that it had acquired Anspach Grossman Portugal Inc., an identity consulting business, for a maximum of \$36 million. Anspach Grossman Portugal is active in the field of name creation for corporations dissatisfied with their old names because they have diversified, shifted focus or otherwise changed. WPP said the initial payment, on completion of the purchase, would be \$12 million. Further payments will be made in cash and WPP shares between 1989 and 1994, based on after-tax profit. WPP, which bought JWT Group Inc. of the United States for \$566 million last year, said the acquisition would help develop its core U.S. marketing services. The purchase is WPP's seventh in the U.S. since it bought JWT. Founded in 1969, Anspach Grossman Portugal, which is based in New York and San Francisco, offers "corporate identity" services, including name development, planning, analysis and visual identity systems. WPP said the acquisition of Anspach Grossman Portugal would strengthen the group's capabilities in graphics and design. Anspach Grossman Portugal had pretax profit of \$2.5 million in the year to Feb. 28, 1987, on revenue of more than \$6 million. WPP said that in 1987 it had established a significant presence in the United States in graphics and design through Sidjakov, Berman, Gomez & Partners, and Walker Group/CNI.

Reuters Profit Climbs 37%

LONDON — Reuters Holdings PLC, the news and information organization, reported Wednesday that pretax profit rose 37 percent last year, to £178.8 million (\$313.3 million) from £130.1 million in 1986. Earnings per share climbed to 26 pence from 19.4 pence in 1986. Revenue rose 40 percent, to £866.9 million from £620.9 million. Capital spending climbed 58 percent to £151.5 million, with Reuters spending £47.8 million on technical development, more than double its outlay for 1986. The managing director and chief executive, Olen Renfrew, said the news organization had taken steps to cut costs and rein in some expansion plans after the October stock market collapse in the expectation of slower revenue growth this year. Mr. Renfrew said that although Reuters expected revenue growth to slacken, it had not abandoned a forecast for a 25 percent increase in pretax profit for 1988. "New orders, net of cancellations, were excellent" up to the Oct. 19 stock collapse, he said, "and with the exception of client systems, have held up very well in the circumstances since." Revenue from orders for new client systems, or automated trading systems and work units for financial dealing rooms, "weakened and then dropped sharply after the crash," Mr. Renfrew said. Reuters, the world's largest electronic publisher, supplies a wide range of services both to business subscribers and to the news media. Washington Post Net Up Washington Post Co. posted a 75 percent leap in profit for the fourth quarter, to \$64.4 million from \$36.7 million a year earlier. The New York Times reported, Times Mirror Co., publisher of The Los Angeles Times and Newsday, on Tuesday reported a 45 percent drop in net profit for the quarter, to \$54.7 million, from \$99.3 million.

Salomon Elevates 4 to Top Committee Amid Defections

By James Sterngold New York Times Service NEW YORK — Salomon Brothers Inc. has announced a series of high-level management changes that industry sources say reflect continued turmoil at the securities giant. The announcements on Tuesday coincided with the resignation of Salomon Brothers' chief financial officer, the third high-level defection in several weeks. There were also rumors within Salomon that two other senior executives had been ready to resign but were persuaded to stay. Salomon, the chief subsidiary of Salomon Inc., announced that it was adding four senior executives to its office of the chairman, a body created two years ago for the vice chairman and president to share in key decisions with Salomon's chairman, John H. Gutfreund. The four new members and their responsibilities are Jay F. Higgins, investment banking; James L. Massey, sales and administration; John W. Meriwether, trading management, and Stanley B. Shopkorn, equities. Reflecting the troubles on Wall Street and its own efforts to consolidate after an aggressive expansion, Salomon Inc. said on Monday that it had lost \$74 million in the fourth quarter of last year and that for all of 1987 its earnings had plunged 72.5 percent, to \$142 million. In the latest blow to the firm, Gerald Rosenfeld, Salomon Brothers' 41-year-old chief financial officer and former mergers specialist, resigned. Mr. Rosenfeld said he was departing to "get back to the deals side of the business," but was still deciding where to work.

Elders Challenged On BHP Stake Sale

MELBOURNE — The Australian Stock Exchange applied Wednesday for a court order to make Elders IXL Ltd. call a shareholders meeting to consider management's agreement to sell control of its 19 percent in Broken Hill Pty., Australia's largest company.

Europe Growth Fund

Weekly net asset value on 5-2-1988 U.S. \$37.95 Listed on the Amsterdam Stock Exchange

Indigo Ideas

Investors who protect themselves with gold while cash money parades have lost as much as 10 percent while buyers of the technology stocks in the Indigo Index have seen gains approaching 100 and 200 percent (Applied Materials, Micron). For complimentary reports on where the high-tech rebound is going, write, phone or fax: INDIGO INVESTMENT, S.A. Avenida Palma de Mallorca 42, Torremolinos, Malaga, Spain. Phone 34-52-389274 Fax 34-52-389274 Telex 79422

Weekly net asset value

Tokyo Pacific Holdings N.V. on 8-2-1988 U.S. \$215.54 Securities 65% Liquidity 35% Listed on the Amsterdam Stock Exchange

Industrials

Table with columns for company names and stock prices. Includes companies like IBM, GE, Ford, etc.

Stock Indexes

Table showing stock index values for various markets like NYSE, NASDAQ, etc.

Commodity Indexes

Table showing commodity prices for items like oil, gold, etc.

Dividends

Table listing dividend payments for various companies.

INTERNATIONAL POSITIONS

Advertisement for RADIO FREE EUROPE RADIO LIBERTY. Editor or Senior Editor position. Qualified applicants will have complete fluency in Romanian, as well as very good oral and written command of English, French and German.

Advertisement for TRAVEL/PRIVATE SECRETARY. who will support the lady of the house in organizing household and travelling. This promising and interesting position is offered to a man, age 35 to 45, who offers organizational capabilities, forcefulness, psychological insight and understanding.

Advertisement for MANAGING DIRECTOR. For French subsidiary of High Tech, US multinational (Telecommunications). Position includes full P/L responsibility for total operations (50 people, 80 MF).

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Advertisement for Professional Journalist or Political Scientist. as Senior Programming Assistant to the Director of its Radio Free Europe Division. The position entails daily evaluation and analysis of press, research and other reports flowing into the Station to help determine programming priorities and policy.

INTERNATIONAL POSITIONS

Advertisement for KINGDOM OF SAUDI ARABIA Saudi Basic Industries Corporation EMPLOYMENT OPPORTUNITIES. The Saudi Basic Industries Corporation (SABIC) — a world class manufacturer and marketer of petrochemicals — has seven immediate openings for qualified professionals in its corporate headquarters in Riyadh, Saudi Arabia.

Chief of Corporation Reporting Plans - Principles - Guidelines

We are a reputable company with world-wide operations, making us one of the leaders in the internationally successful chemical industry. A consistent policy of product diversification, a newly created company structure, good earnings and profits, as well as ambitious goals are all required to meet the challenges of the future. Our Disclosure of information section requires a new person for the position Corporation Reporting. We are looking for a responsible individual who can take charge of the financial company guidelines as the basis for the external tendering of account, as well as for the management information system, and who is able to further develop and implement an existing financial reporting system.



**Wednesday's AMEX Closing**

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 Week High	52 Week Low	Open	Close	Change
12 1/2	12 1/2	ABX	1.2	14	14	14	14	0
12 1/2	12 1/2	ABC	1.2	14	14	14	14	0
12 1/2	12 1/2	ACB	1.2	14	14	14	14	0
12 1/2	12 1/2	ACD	1.2	14	14	14	14	0
12 1/2	12 1/2	ACE	1.2	14	14	14	14	0
12 1/2	12 1/2	ACF	1.2	14	14	14	14	0
12 1/2	12 1/2	ACG	1.2	14	14	14	14	0
12 1/2	12 1/2	ACH	1.2	14	14	14	14	0
12 1/2	12 1/2	ACI	1.2	14	14	14	14	0
12 1/2	12 1/2	ACJ	1.2	14	14	14	14	0
12 1/2	12 1/2	ACK	1.2	14	14	14	14	0
12 1/2	12 1/2	ACL	1.2	14	14	14	14	0
12 1/2	12 1/2	ACM	1.2	14	14	14	14	0
12 1/2	12 1/2	ACN	1.2	14	14	14	14	0
12 1/2	12 1/2	ACO	1.2	14	14	14	14	0
12 1/2	12 1/2	ACP	1.2	14	14	14	14	0
12 1/2	12 1/2	ACQ	1.2	14	14	14	14	0
12 1/2	12 1/2	ACR	1.2	14	14	14	14	0
12 1/2	12 1/2	ACS	1.2	14	14	14	14	0
12 1/2	12 1/2	ACT	1.2	14	14	14	14	0
12 1/2	12 1/2	ACU	1.2	14	14	14	14	0
12 1/2	12 1/2	ACV	1.2	14	14	14	14	0
12 1/2	12 1/2	ACW	1.2	14	14	14	14	0
12 1/2	12 1/2	ACX	1.2	14	14	14	14	0
12 1/2	12 1/2	ACY	1.2	14	14	14	14	0
12 1/2	12 1/2	ACZ	1.2	14	14	14	14	0

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 Week High	52 Week Low	Open	Close	Change
12 1/2	12 1/2	ADA	1.2	14	14	14	14	0
12 1/2	12 1/2	ADB	1.2	14	14	14	14	0
12 1/2	12 1/2	ADC	1.2	14	14	14	14	0
12 1/2	12 1/2	ADD	1.2	14	14	14	14	0
12 1/2	12 1/2	ADE	1.2	14	14	14	14	0
12 1/2	12 1/2	ADF	1.2	14	14	14	14	0
12 1/2	12 1/2	ADG	1.2	14	14	14	14	0
12 1/2	12 1/2	ADH	1.2	14	14	14	14	0
12 1/2	12 1/2	ADI	1.2	14	14	14	14	0
12 1/2	12 1/2	ADJ	1.2	14	14	14	14	0
12 1/2	12 1/2	ADK	1.2	14	14	14	14	0
12 1/2	12 1/2	ADL	1.2	14	14	14	14	0
12 1/2	12 1/2	ADM	1.2	14	14	14	14	0
12 1/2	12 1/2	ADN	1.2	14	14	14	14	0
12 1/2	12 1/2	ADO	1.2	14	14	14	14	0
12 1/2	12 1/2	ADP	1.2	14	14	14	14	0
12 1/2	12 1/2	ADQ	1.2	14	14	14	14	0
12 1/2	12 1/2	ADR	1.2	14	14	14	14	0
12 1/2	12 1/2	ADS	1.2	14	14	14	14	0
12 1/2	12 1/2	ADT	1.2	14	14	14	14	0
12 1/2	12 1/2	ADU	1.2	14	14	14	14	0
12 1/2	12 1/2	ADV	1.2	14	14	14	14	0
12 1/2	12 1/2	ADW	1.2	14	14	14	14	0
12 1/2	12 1/2	ADX	1.2	14	14	14	14	0
12 1/2	12 1/2	ADY	1.2	14	14	14	14	0
12 1/2	12 1/2	ADZ	1.2	14	14	14	14	0

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 Week High	52 Week Low	Open	Close	Change
12 1/2	12 1/2	AEA	1.2	14	14	14	14	0
12 1/2	12 1/2	AEB	1.2	14	14	14	14	0
12 1/2	12 1/2	AEC	1.2	14	14	14	14	0
12 1/2	12 1/2	AED	1.2	14	14	14	14	0
12 1/2	12 1/2	AEE	1.2	14	14	14	14	0
12 1/2	12 1/2	AEF	1.2	14	14	14	14	0
12 1/2	12 1/2	AEG	1.2	14	14	14	14	0
12 1/2	12 1/2	AEH	1.2	14	14	14	14	0
12 1/2	12 1/2	AEI	1.2	14	14	14	14	0
12 1/2	12 1/2	A EJ	1.2	14	14	14	14	0
12 1/2	12 1/2	A EK	1.2	14	14	14	14	0
12 1/2	12 1/2	A EL	1.2	14	14	14	14	0
12 1/2	12 1/2	A EM	1.2	14	14	14	14	0
12 1/2	12 1/2	A EN	1.2	14	14	14	14	0
12 1/2	12 1/2	A EO	1.2	14	14	14	14	0
12 1/2	12 1/2	A EP	1.2	14	14	14	14	0
12 1/2	12 1/2	A EQ	1.2	14	14	14	14	0
12 1/2	12 1/2	A ER	1.2	14	14	14	14	0
12 1/2	12 1/2	A ES	1.2	14	14	14	14	0
12 1/2	12 1/2	A ET	1.2	14	14	14	14	0
12 1/2	12 1/2	A EU	1.2	14	14	14	14	0
12 1/2	12 1/2	A EV	1.2	14	14	14	14	0
12 1/2	12 1/2	A EW	1.2	14	14	14	14	0
12 1/2	12 1/2	A EX	1.2	14	14	14	14	0
12 1/2	12 1/2	A EY	1.2	14	14	14	14	0
12 1/2	12 1/2	A EZ	1.2	14	14	14	14	0

12 Month High	12 Month Low	Stock	Div. Yld. PE	52 Week High	52 Week Low	Open	Close	Change
12 1/2	12 1/2	AGA	1.2	14	14	14	14	0
12 1/2	12 1/2	AGB	1.2	14	14	14	14	0
12 1/2	12 1/2	AGC	1.2	14	14	14	14	0
12 1/2	12 1/2	AGD	1.2	14	14	14	14	0
12 1/2	12 1/2	AGE	1.2	14	14	14	14	0
12 1/2	12 1/2	AGF	1.2	14	14	14	14	0
12 1/2	12 1/2	AGG	1.2	14	14	14	14	0
12 1/2	12 1/2	AGH	1.2	14	14	14	14	0
12 1/2	12 1/2	AGI	1.2	14	14	14	14	0
12 1/2	12 1/2	AGJ	1.2	14	14	14	14	0
12 1/2	12 1/2	AGK	1.2	14	14	14	14	0
12 1/2	12 1/2	AGL	1.2	14	14	14	14	0
12 1/2	12 1/2	AGM	1.2	14	14	14	14	0
12 1/2	12 1/2	AGN	1.2	14	14	14	14	0
12 1/2	12 1/2	AGO	1.2	14	14	14	14	0
12 1/2	12 1/2	AGP	1.2	14	14	14	14	0
12 1/2	12 1/2	AGQ	1.2	14	14	14	14	0
12 1/2	12 1/2	AGR	1.2	14	14	14	14	0
12 1/2	12 1/2	AGS	1.2	14	14	14	14	0
12 1/2	12 1/2	AGT	1.2	14	14	14	14	0
12 1/2	12 1/2	AGU	1.2	14	14	14	14	0
12 1/2	12 1/2	AGV	1.2	14	14	14	14	0
12 1/2	12 1/2	AGW	1.2	14	14	14	14	0
12 1/2	12 1/2	AGX	1.2	14	14	14	14	0
12 1/2	12 1/2	AGY	1.2	14	14	14	14	0
12 1/2	12 1/2	AGZ	1.2	14	14	14	14	0

**INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 10th Feb. 1983**

Net asset value quotations are quoted by the funds listed with the exception of some quoted on issue price. The marginal symbols indicate frequency of quotations supplied: (D) - daily; (W) - weekly; (M) - monthly; (I) - irregularly.

Symbol	Fund Name	Asset Value	Change
ALM	ALM GROUP	297.85	
AMC	AMERICAN MANAGED	107.33	
APX	APAC FINANCIAL	87.72	
ASD	ASIAN DEVELOPMENT	100.00	
ATM	ATLANTIC TRADING	100.00	
AWD	AWAC INVESTMENT	100.00	
BAN	BANK OF AMERICA	100.00	
BND	BOND FUND	100.00	
BUS	BUSINESS FUND	100.00	
CAF	CANADIAN FUND	100.00	
CEI	CENTRAL EUROPEAN	100.00	
CEM	CENTRAL EUROPEAN	100.00	
CEP	CENTRAL EUROPEAN	100.00	
CEU	CENTRAL EUROPEAN	100.00	
CEV	CENTRAL EUROPEAN	100.00	
CEW	CENTRAL EUROPEAN	100.00	
CEX	CENTRAL EUROPEAN	100.00	
CEY	CENTRAL EUROPEAN	100.00	
CEZ	CENTRAL EUROPEAN	100.00	
CEA	CENTRAL EUROPEAN	100.00	
CEB	CENTRAL EUROPEAN	100.00	
CEC	CENTRAL EUROPEAN	100.00	
CED	CENTRAL EUROPEAN	100.00	
CEE	CENTRAL EUROPEAN	100.00	
CEF	CENTRAL EUROPEAN	100.00	
CEG	CENTRAL EUROPEAN	100.00	
CEH	CENTRAL EUROPEAN	100.00	
CEI	CENTRAL EUROPEAN	100.00	
CEJ	CENTRAL EUROPEAN	100.00	
CEK	CENTRAL EUROPEAN	100.00	
CEL	CENTRAL EUROPEAN	100.00	
CEM	CENTRAL EUROPEAN	100.00	
CEN	CENTRAL EUROPEAN	100.00	
CEO	CENTRAL EUROPEAN	100.00	
CEP	CENTRAL EUROPEAN	100.00	
CEQ	CENTRAL EUROPEAN	100.00	
CER	CENTRAL EUROPEAN	100.00	
CES	CENTRAL EUROPEAN	100.00	
CEU	CENTRAL EUROPEAN	100.00	
CEV	CENTRAL EUROPEAN	100.00	
CEW	CENTRAL EUROPEAN	100.00	
CEX	CENTRAL EUROPEAN	100.00	
CEY	CENTRAL EUROPEAN	100.00	
CEZ	CENTRAL EUROPEAN	100.00	
CEA	CENTRAL EUROPEAN	100.00	
CEB	CENTRAL EUROPEAN	100.00	
CEC	CENTRAL EUROPEAN	100.00	
CED	CENTRAL EUROPEAN	100.00	
CEE	CENTRAL EUROPEAN	100.00	
CEF	CENTRAL EUROPEAN	100.00	
CEG	CENTRAL EUROPEAN	100.00	
CEH	CENTRAL EUROPEAN	100.00	
CEI	CENTRAL EUROPEAN	100.00	
CEJ	CENTRAL EUROPEAN	100.00	
CEK	CENTRAL EUROPEAN	100.00	
CEL	CENTRAL EUROPEAN	100.00	
CEM	CENTRAL EUROPEAN	100.00	
CEN	CENTRAL EUROPEAN	100.00	
CEO	CENTRAL EUROPEAN	100.00	
CEP	CENTRAL EUROPEAN	100.00	
CEQ	CENTRAL EUROPEAN	100.00	
CER	CENTRAL EUROPEAN	100.00	
CES	CENTRAL EUROPEAN	100.00	
CEU	CENTRAL EUROPEAN	100.00	
CEV	CENTRAL EUROPEAN	100.00	
CEW	CENTRAL EUROPEAN	100.00	
CEX	CENTRAL EUROPEAN	100.00	
CEY	CENTRAL EUROPEAN	100.00	
CEZ	CENTRAL EUROPEAN	100.00	
CEA	CENTRAL EUROPEAN	100.00	
CEB	CENTRAL EUROPEAN	100.00	
CEC	CENTRAL EUROPEAN	100.00	
CED	CENTRAL EUROPEAN	100.00	
CEE	CENTRAL EUROPEAN	100.00	
CEF	CENTRAL EUROPEAN	100.00	
CEG	CENTRAL EUROPEAN	100.00	
CEH	CENTRAL EUROPEAN	100.00	
CEI	CENTRAL EUROPEAN	100.00	
CEJ	CENTRAL EUROPEAN	100.00	
CEK	CENTRAL EUROPEAN	100.00	
CEL	CENTRAL EUROPEAN	100.00	
CEM	CENTRAL EUROPEAN	100.00	
CEN	CENTRAL EUROPEAN	100.00	
CEO	CENTRAL EUROPEAN	100.00	
CEP	CENTRAL EUROPEAN	100.00	
CEQ	CENTRAL EUROPEAN	100.00	
CER	CENTRAL EUROPEAN	100.00	
CES	CENTRAL EUROPEAN	100.00	
CEU	CENTRAL EUROPEAN	100.00	
CEV	CENTRAL EUROPEAN	100.00	
CEW	CENTRAL EUROPEAN	100.00	
CEX	CENTRAL EUROPEAN	100.00	
CEY	CENTRAL EUROPEAN	100.00	
CEZ	CENTRAL EUROPEAN	100.00	
CEA	CENTRAL EUROPEAN	100.00	
CEB	CENTRAL EUROPEAN	100.00	
CEC	CENTRAL EUROPEAN	100.00	
CED	CENTRAL EUROPEAN	100.00	</



CURRENCY MARKETS

Dollar Ends Mixed in Hesitant Trading in N.Y.

Compiled by Our Staff From Dispatches
NEW YORK — The dollar closed mixed Wednesday in light, choppy trading in New York as traders squared their positions before the report scheduled Friday on the U.S. trade deficit.

Table with 3 columns: Currency, Rate, % Change. Includes Dollar, Pound, Swiss Franc, etc.

Dealers said the market was sluggish in advance of the trade numbers, which are expected to set the tone for foreign exchange trading for the next month.

Traders said that many participants were hesitant to take positions before Friday and that the volume of dollar-yen trading was exceptionally low.

Earlier Wednesday, the dollar closed lower in Europe after erasing a brief advance. Dealers there agreed that nothing short of the December figure on the deficit would have any real impact on the market.

COORDINATE: Market Upsets Erode Confidence in G-7 Teamwork

(Continued from first finance page) Christian de Boissieu, professor of economics at the University of Paris, "why has there been so little coordination to date? Are politicians so irrational?"

don't use the same model of how the world works." For example, said Rudiger Dornbusch of the Massachusetts Institute of Technology, Washington believes West Germany's slow rate of economic growth is a demand problem that can be corrected if it encourages consumer spending by cutting taxes or stepping up its own deficit spending.

But to Bonn, West Germany's high rate of unemployment is a structural problem that will not respond to quick fixes. But such differences do not have to be a roadblock, Mr. Fortes said.

"Coordination is about making a deal," he said. "Anytime you go to the table to make a deal you typically are going to be giving something up. But you do so on the basis that as long as the deal sticks, what you get in return is worth getting."

New Study Sees No Major Rise in U.K. Rates

LONDON — Fears of a sustained return to double-digit interest rates in Britain are exaggerated, according to a study by County Natwest Ltd. released Wednesday. It said bank base rates were likely to range from about 9 to 9.5 percent.

CRAY: Counting Heavily on Newest Supercomputer

(Continued from first finance page) Claire, Wisconsin, which since has received backing from International Business Machines Corp. Mr. Chen and IBM have said they will jointly develop a supercomputer, for release in the early 1990s, that is likely to use 64 processors working in parallel and be far faster than any current machine.

that while Mr. Chen's departure was "traumatic and dramatic," outsiders — and the company — had exaggerated its importance. "We did Steve and ourselves a disservice by allowing his personal reputation to grow as it did and set him up as the new Seymour Cray," Mr. Rollwagen said.

As Cray officials now tell it, the company gave Mr. Chen undue credit for the X-MP machine and built him into a superstar to ally fears of investors and customers that the company would be in trouble if something happened to Mr. Cray. "The other thing we learned is that there isn't any other cover will be another Seymour Cray," Mr. Rollwagen said, adding that Mr. Cray, a somewhat reclusive ge-

For Big Buyers, Gold Hits the Spot In Post-Collapse Era, Bank or Broker Offers Best Deal

By Lawrence J. DeMaria
NEW YORK — According to Citibank's Precious Metals Center, 75 percent of the bank's sales of gold coins in 1987 came after the Oct. 19 stock market collapse as nervous investors flocked to the world's traditional "disaster insurance."

Even the quotes offered by small coin shops in the New York area vary widely, with some shops asking \$20 to \$40 for a single 1986 Silver Eagle, when a

row range among the major outlets. Citibank, for example, charges \$7.50 an ounce over spot for a 10-ounce gold bar. That means that at a spot price of \$438 per ounce, plus the premium, a 10-ounce bar would cost \$445.



A bank worker stamping gold bars in London.

Buyers of silver bullion would pay 75 cents an ounce over a spot price of \$6.30 for a 10-ounce bar, and a 60-cent premium an ounce on a 100-ounce bar. Buyers of a 1,000-ounce bar pay only spot.

Citibank also sells gold and silver in dollar amounts. The minimum purchase is \$100, which buys a portion of an ounce of gold or several ounces of silver, and Citibank stores the metals for customers. Citibank customers can "dollar-cost average" their purchases by arranging to have automatic deductions from their bank accounts. Noncustomers can have automatic deductions from Visa or Mastercard.

Market Chief In U.K. Says Regulation Must Change

(Continued from first finance page) LONDON — The chairman of the London Stock Exchange, Nicholas Goodison, said Wednesday that central banks must become the prime regulators of the securities industry.

Mr. Goodison's remark echoed a call last month by a U.S. presidential commission in a report on the Oct. 19 market collapse. The panel suggested the Federal Reserve be responsible for coordinating regulation of securities and banking activities in the United States.

Mr. Goodison said that because of the growing role of banks in the securities industry "and the risk which this brings to the world financial system... central banks must and will become the prime regulators." Earlier Wednesday, the London exchange issued its first report on the market collapse. The report recommended no major regulatory changes, and urged more use of such hedging techniques as index arbitrage.

Wednesday's OTC Prices. MASDAQ prices as of 4 P.M. New York time. Includes a list of stock symbols and prices.

Table of stock prices for various companies, including AAM, ABB, ABBE, etc. Columns include company name, price, and change.

Table of stock prices for various companies, including ABB, ABBE, ABBE, etc. Columns include company name, price, and change.

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Notes: Figures are unofficial. Yearly high and low reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.







SPORTS

Lemieux an All-Star Showstopper

By Robert Facht

Washington Post Service

ST. LOUIS — Mario Lemieux of Pittsburgh put on the greatest scoring display in 39 editions of the National Hockey League all-star game Tuesday night.

Lemieux recorded three goals, including the winner at 1:08 of sudden-death overtime, and added three assists as the Wales Conference edged the Campbell Conference 6-5.

"That was a scary performance by one individual," said Mike Keenan of Philadelphia, the Wales coach. "We could have been down two or three to nothing the way they came out, but we were able to collect our thoughts and after that the whole story, basically, was Mario Lemieux."

On the game-winner, Lemieux took a pass from Mats Naslund, skidded around Chicago's Dennis Savard and poked a backhander between the legs of Calgary goaltender Mike Vernon for his record sixth point.

Naslund had five assists, another all-star mark; no player in all-star history ever had managed more than four points.

"Mario is so good that I don't think I embarrass my teammates in Montreal when I say he's the best player I ever played with and I'd like to play with him every night," Naslund said.

Despite his performance, Lemieux said winning the Canada Cup in September, when he scored Canada's decisive goal against the Soviet Union in the final, was a bigger thrill. All three games of the final series ended the same as the all-star game — 6-5.

"Maybe a week from now I'll look back at this and feel differently, but I think the Canada Cup so far is the highlight of my career," said Lemieux.

"I got lucky a little bit. I was at the right place at the right moments and Naslund set me up a couple of times. It was wide open out there, and when you play with great hockey players you go for the openings. I just tried to make plays and skate as hard as I could."

The game had been billed as a sort of confrontation between Lemieux and Wayne Gretzky, the Edmonton superstar he is battling for the league scoring title. Most of the time they were on the ice together. Lemieux was at right wing with Naslund and Quebec's Peter

Stastny while Gretzky centered Edmonton teammates Mark Messier and Jari Kurri.

Gretzky struck first, his ninth goal in eight all-star games, giving the Campbell's 2-1 lead after one period.

Washington's Mike Gartner tied it on a feed from Lemieux before the Wales jumped ahead when Stastny converted another Lemieux feed. Lemieux himself greened the Campbell's relief goalie, Vernon, with a stuff from behind that made it 4-2.

The Campbell's pulled even as Luc Robitaille of Los Angeles, a three-point man in defeat, scored a goal late in the second period, and set up Savard for another early in the third.

Lemieux converted a Naslund set-up for a 5-4 lead at 8:07, but Robitaille knotted it with 3:32 left in regulation on a pass from Edmonton's Glenn Anderson.

To that point, there had been virtually no checking, but with the game on the line, both teams began fighting for possession. "When it was 5-3, everybody suddenly said, 'There's a hockey game on the line here,'" Gartner said. "Fortunately, we had Mario. He's just unbelievable. He's such a dangerous player — give him the puck and you know something's going to happen."

Lemieux's winning goal was a remarkable example of stickhandling, as he maintained control through traffic and, with a deft wrist flick, backhanded the puck past Vernon.

"He has such a long reach and he didn't move his arms, just his wrists," said the losing coach, Glen Sather of Edmonton. "He's a great talent. He made it look so easy. You could have checked Mario with six guys and put a tent around him, and he'd have found ways to score."

Until tonight, Gretzky was the only player with more than a goal in an all-star game. Lemieux now has five in three appearances.

Asked about the unavoidable comparison with Gretzky, Lemieux said, "I got the lucky bounces tonight. Wayne could have had four goals. He hit a post and Patrick Roy made a great save to stop him. Wayne played very well."

"I've been upstaged before and I will be again," Gretzky said. "Mario was really tremendous tonight, and it was just great to see it."

The pregame ceremony was an emotional one, as an all-star sweater was presented to the two sons of Barclay Pledger, the former captain and coach of the St. Louis Blues who died Saturday.

At game's end, there was a different scene — Lemieux, 22, taking a victory ride around the ice on the tailgate of the truck he won as the game's most valuable player.



Bob Ramage, left, and goaltender Grant Fuhr combined to foil Mario Lemieux in Tuesday's first period, but Lemieux went on to set an all-star game scoring record with three goals and three assists.

Celtics and Lakers Stumble Out of Gate

Compiled by Our Staff From Dispatches

INGLEWOOD, California — The National Basketball Association's two best teams, the Los Angeles Lakers and the Boston Celtics, began the second half of the season by losing Tuesday night.

Vern Fleming and John Long scored 19 points each to help Indiana and a seven-game Los Angeles winning streak with a 110-108 victory. The Lakers had won 13 straight home games.

Akeem Olatunji had 30 points and 16 rebounds, and Sleepy Floyd, scoreless in the first half, added 14 crucial points to lead Houston past Boston, 129-120. The Rockets won their fourth in a row and ended a seven-game losing streak against the Celtics.

Herb Williams, who scored 18, put Indiana ahead by 109-102 with 2:46 remaining before the Lakers made six straight foul shots. Fleming's free throw made it 110-108 with 14 seconds left.

"Anyone who beats the Lakers, especially in the end, that means good basketball," said Jack Ramo, the Indiana coach. "Tonight's was very near the top."

"We looked at the second half of the season and said we wanted to play 38 great games. This one got us off on the right foot."

Indiana had a 52-47 edge on the boards. "Rebounding really hurt us," Scott said. "They aren't a real physical team and shouldn't be able to do that against us. They just worked hard and went to the boards."

In Houston, Coach Bill Fitch beat the Celtics with his bench. Rocket reserves played 78 minutes to 36 minutes by Boston's, and outscored them, 45-7. That was enough to overcome a 44-point, 15-rebound performance by Larry Bird and 28 points and 12 rebounds by Larry McHale.

Purvis Short scored 21 points and Joe Barry Carroll added 18 in reserve roles for the Rockets, who scored their most points against the Celtics since a 132-117 victory Oct. 24, 1973 in Boston Garden.



Purvis Short, here maneuvering between Dennis Johnson, left, and Robert Parish, came off the bench to score 21 points and help the Rockets defeat Boston, 129-120, Tuesday night in Houston.

SCOREBOARD

Hockey

'88 NHL All-Star Game

Table with columns for teams (Wales, Campbell), scores, and game details.

NBA Standings

Table with columns for Eastern and Western Conferences, teams, and win/loss records.

Basketball

U.S. College Results

Table with columns for conference (EAST, WEST), teams, and scores.

Gault of NFL in U.S. Bobsled Flap

The Associated Press

CALGARY, Alberta — Willie Gault's speed may not be enough to make up for the damage he's doing to the morale of the U.S. Olympic bobsled team.

Gault, a wide receiver for the Chicago Bears and a former world-class hurdler, bumped 22-year-old Don LaVigne off the bobsled team after the Bears were eliminated from the National Football League playoffs in mid-January.

"I feel cheated," LaVigne said Tuesday. "I have taken the risks and made the sacrifices and presumably had qualified." Through an attorney, LaVigne — who postponed his senior year at Harvard to compete as a punter for the team — has asked the American Arbitration Association to step into the matter under U.S. Olympic rules.

The timing of Gault's arrival — one month before the Winter Games — particularly galled LaVigne and some of his friends on the team, who feel Gault is getting an undesired shot at Olympic glory.

"Some people have gotten extremely emotional about it," said Brian Richardson, the team's representative to the U.S. Olympic Committee. "Obviously it's a distraction to some of the athletes. I mean, it's the Olympics we're talking about."

But Gault has taken the controversy in stride. "It's no big deal, not a matter of life and death," he told ABC-TV. "Playing for the Chicago Bears prepares you for anything."

LaVigne thinks Gault made the team not for his speed but because of what his fame could do for the low-profile sport. "It wouldn't surprise me," said LaVigne. "If a deal was made between Gault and the U.S. federation to seek maximum exposure for the sport."

IOC Erases Sexist Rule From Charter

Compiled by Our Staff From Dispatches

CALGARY, Alberta — The International Olympic Committee on Tuesday erased from its constitution a discriminatory clause that could have restricted participation of women in the Games.

The panel's 93rd Session voted unanimously to delete from the Olympic charter rule 28, which mandated participation by women athletes conditional on approval by international sports federations and the IOC itself.

The charter contains no such restrictive language for men. "The session voted to delete rule 28 because it was felt to be discriminatory to women and no longer applies to the present world," said Michele Verdier, the IOC spokeswoman.

The rule was introduced while Avery Brundage headed the IOC from 1925-73. Former Olympic coach Anita DeFranz of the United States, who in 1986 became only the fifth woman IOC member, campaigned for its removal.

The IOC is skirting involvement in two eligibility disputes, one involving a Soviet speedskater and the other four French hockey players.

Verdier said that the case of speedskater Sergei Guliaev, suspected of passing illegal steroids to another athlete, was in the hands of the International Skating Union, the worldwide speed skating federation, and not a matter for the IOC.

"It's not a case of doping," she said. "It's a case of trafficking. And there is no proof yet, only suspicion." Guliaev is suspected of acting as a middleman in a steroid-smuggling operation also involving a former Soviet team doctor and a Norwegian athlete, Stein Krosvig. Guliaev has said he was unaware the packages he gave Krosvig contained steroids.

Transition

BASEBALL

CALIFORNIA — Recalled by his wife, Willie Fraser, pitcher, and Chico Walker, outfielder, on one-year contracts.

MINNESOTA — Signed Steve Lombradzki, second baseman, and Les Straker, pitcher, to one-year contracts.

MINNESOTA — Signed Don Little, infielder, and Tom Drummond, pitcher, to one-year contracts.

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Owners Gain Arbitration Edge

By Murray Chass

New York Times Service

NEW YORK — Baseball club owners gained a significant double-barreled victory Tuesday when two arbitrators selected the clubs' salaries over those submitted by two union relief pitchers, Tom Henke of Toronto and John Franco of Chicago.

The outcomes had instant ramifications for salary arbitration cases involving three other relievers.

In other developments, Don Baylor, who played in the last two World Series with Boston and Minnesota, signed a one-year, \$495,000 contract with Oakland. Tim Lincecum reached agreement with the New York Mets on a \$537,500 contract, leaving the Mets with three arbitration cases; Vince Coleman sealed his arbitration case with St. Louis for a \$700,000 salary and Bret Saberhagen and Kansas City agreed to a two-year contract for \$2.35 million after resolving a snag over guarantee language.

Decisions in the Henke and Franco cases, which were heard Monday, had been awaited anxiously by clubs and players because the pitchers were the first of the group of five first-year arbitration relievers to reach hearings. Last season, Henke led the American League with 24 saves and Franco had 32 in the National League.

The 15 decided over the past two years, since Don Mattingly won his case against the New York Yankees.

"Obviously, I disagree with the decision by the arbitrator," said Craig Fench, Henke's agent. "If I had to do the case again, I'd do it the same way. But the decisions unfortunately have set the lower pay scale for relievers, and until we get a crack at them again next year it will stand."

Roger McDowell of the Mets, Tim Burke of Montreal and Scott Garrels of San Francisco are three relievers most immediately affected. The figures submitted for their cases were \$555,000 and \$800,000 for McDowell, \$625,000 and \$850,000 for Burke and \$590,000 and \$795,000 for Garrels.

All three cases are scheduled to be heard Feb. 19, but now their agents most likely will be interested in negotiating salaries rather than letting arbitrators determine them. The clubs, meanwhile, could be sufficiently emboldened by Tuesday's decisions to want to argue the cases — unless the players are willing to settle well in the clubs' favor.

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ART BUCHWALD

Sticks and Stones

WASHINGTON — "Mommy, George Bush is picking on me. What did he say, Bobby?"



Buchwald

"I know what I'm going to do, Mommy. When George walks by the house I'm going to accuse him of negative campaigning."

Plea For Return Of Thai Sculpture

BANGKOK — A government official said an ancient Thai art treasure may be sent to the Art Institute of Chicago if it returns a stone sculpture, the lintel of a temple door from the Angkor period, allegedly whisked out of Thailand in the 1960s.

"O.K. . . . Mommy, Mommy, I called George another Spuro Agnew and he said I was part of the problem."

"Can I say George doesn't know anything about anything because he's not a leader and all he has done for seven years is sit on the bench waiting for his number to be called?"

REAL ESTATE FOR SALE

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Fitzgerald's Lost Heroine

By Herbert Mitgang

NEW YORK — A half-century after it was written, an unpublished short story by F. Scott Fitzgerald that was rejected by Scribner's magazine but is now seen by scholars as a revealing insight into the author's time of despair, is finally going to appear in print next week.



Fitzgerald: The lowest point of his life

The story, titled "A Full Life," will be published in the winter edition of the Princeton University Library Chronicle, instead of one of the mass-market commercial magazines from which Fitzgerald once made his living. In the Fitzgerald-like story, which he wrote and rewrote in 1937, the author of "The Great Gatsby" and other ovels that symbolized the beautiful and the damned of the jazz age, describes an absurd scene in which the heroine says, "I'm full of dynamite," and then detonates herself with a tremendous bang, which was heard as far as New York City.

"It's a Woody Allen joke 50 years ahead of its time," said Stephen Ferguson, curator of rare books and special collections at the Princeton Library.

West said of the final draft of the story: "It was clear that Fitzgerald's heart was not in his work. The familiar Fitzgerald style is present, but the plotting is artificial and improbable, characters are wooden and motivations are unclear. Fitzgerald apparently knew this. Close study of the old pages in the press. The cover story began with the incident that Ober disliked — the heroine jumping from a New York skyscraper in an inflated rubber flying suit and surviving."

According to West and the records of Harold Ober Associates, the story was never offered to Esquire or to any other magazine. The one surviving copy of "A Full Life" was found by a combination of instinct and serendipity.

without having the girl a mental case," Ober said. "Do you think that Esquire would take it? That may be a way to get some immediate money for it."

Fitzgerald tried to follow Ober's advice, according to West's explanation in the Chronicle, and rewrote it as the ovelly titled, "A Full Life." He revised the first three pages heavily and reworked them in the new story, discarding most of the old pages in the process. The cover story began with the incident that Ober disliked — the heroine jumping from a New York skyscraper in an inflated rubber flying suit and surviving.

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West said on his discovery because some Fitzgerald scholars raised doubts about whether it was up to the author's best work. Finally, West decided it was worth bringing to light, and Fitzgerald's literary executors agreed. The Princeton University Library Chronicle seemed to be the logical place to publish the story for the first time — it was not offered elsewhere — because most of the major research on Fitzgerald had been done there. As for interest in Fitzgerald and his works today, Shepherd of the Ober office reports: "He's selling very well after all this time. Hundreds of thousands of copies of 'Gatsby' and the other novels and short story collections are bought every year. Indeed, it's safe to say that Fitzgerald is being read more than ever now — certainly more than when he was alive."

PEOPLE

A Picasso Is Missing

Pablo Picasso's Communist Party membership card has disappeared from the Paris art museum that bears his name and the party suspects sabotage, the French newspaper L'Humanite said Wednesday. It said the Musée Picasso had offered the "poor alibi" that a canvas in the same display as the artist's party papers was out on loan and therefore there was no place for the card. L'Humanite suspected skulduggery linked to the French presidential election campaign.

Victor Lasky, the conservative writer and lecturer, lost a libel case when a jury rejected his charge that an ABC television documentary had portrayed him falsely. The jury in U.S. District Court in Manhattan decided that the documentary had defamed Lasky and tended to lower his reputation, but it also said he had failed to prove that the portrayal of him was false. The case concerned a 1983 documentary, "The American Inquisition," which focused on some victims of the anti-communist campaign led by Senator Joseph R. McCarthy in 1950s.

A 91-year-old Japanese feminist, Shizue Kato, and a private family planning group in Colombia, Pro Familia, have been named joint winners of the 1988 United Nations Population Award. The prize, which includes \$10,000 for each recipient, has been presented annually since 1983 for outstanding contributions in the population field.

Kato has spent nearly 70 years seeking to improve the status of women in Japan and of family planning. As the first woman elected to parliament after World War II she sponsored a bill permitting doctors to give advice on contraception. Pro Familia was chosen for the effectiveness of its programs.

Two jobless drifters who have spent much of the last 20 years on park benches Wednesday won a \$1 million (\$1.75 million) jackpot in the British Football Pool. Douglas Calway, 67, and John McDonald, 44, won on the low-cost weekly game in which Britons try to predict the results of eight soccer games played every Saturday. The bonanza came from a wager of \$1 and their check was presented by the actress Koo Stark at a London hotel. Calway and McDonald said "a cottage somewhere" as a base and then "We'll be off on our travels." For 20 years they have spent part of each year as seasonal workers at seaside hotels. "You name it, we did it," Calway said. "If you've not had bread for a few days, it tastes awfully sweet when you do," he said.

Tereasa McEwen, general director of the San Francisco Opera since 1982, announced that he was resigning because of health problems. McEwen, 58, said he was suffering from complications from diabetes and planned to leave the post in the spring or early summer.

Georges Simon turns 85 on Friday, but his household said there were no plans for any celebration. The Belgian-born creator of Inspector Maigret moved to Switzerland in 1955, published his first novel in 1934 and in 1981 his memoirs, in which he dwelt at length on his many love affairs. Living in a small farmhouse now surrounded by apartment buildings, Simon has been in poor health for several years. He wrote 220 novels including 80 featuring crime, as well as some 300 other literary works. His books have been translated into 70 languages and he is considered the most-read writer in the French language after Balzac. Simon wrote that he was born in Liege on Feb. 13 but his superstitious mother had Feb. 12 entered on the birth certificate.

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